As of 12 p.m. ET **DJIA** 10734.58 ▲ 0.45% **FTSE 100** 5644.63 ▲ 0.43% **Nikkei 225** 10846.98 ▲ 1.17% **Shanghai Comp.** 3050.48 ▲ 1.93% **Hang Seng** 21384.49 ▲ 1.72% **Sensex** 17490.08 ▲ 0.61% **S&P/ASX 200** 4853.17 ▲ 1.17%

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THE WALL STREET JOURNAL.

VOL. XXXIV NO. 139 (India facsimile Vol. 1 No. 200) ASIA Thursday, March 18, 2010

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Americans face terrorism charges in Pakistan

Agence France-Presse/Getty Images

A policeman peers through the entrance to the district jail in Sargodha, Pakistan. A Pakistani judge on Wednesday officially charged five Americans with plotting terrorism in the country. **Page 6**

BOJ renews effort to beat deflation

By Tomoyuki Tachikawa and Megumi Fujikawa

TOKYO—The Bank of Japan decided Wednesday to pour new money into a lending facility created late last year to fight deflation, heading in the other direction from the Federal Reserve and other central banks who are moving to exit their stimulus strategies.

It may not be enough to satisfy critics, who want Japan's central bank to do more to pump up the economy. But further moves are complicated by divisions within the BOJ. While politicians have been pressing the BOJ to step up stimulus efforts for the coming months, two of the banks' seven board members voted against the Wednesday action, arguing the move wasn't needed.

Specifically, the bank's policy board said it will offer 10 trillion yen ($111 billion) in three-month cash to financial institutions, in addition to the 10 trillion yen it offered in December. Officials also voted unanimously to keep short-term rates at 0.1%.

Easing through a rate cut is considered out of the question, but the BOJ could take other steps to pump more liquidity into the economy. Analysts said the central bank could extend the duration of fixed-rate loans to six months from the current three months, to push down long-term interest rates.

It also could take more-radical easing steps, such as increasing outright purchases of government bonds. That is considered unlikely, however, because of the bank's concern that such moves could lead to a breakdown in the government's fiscal discipline—Japan's gross public debt, near 200% of gross domestic product, is already the highest in the industrialized world.

"The government may put pressure on the BOJ, but bold BOJ actions won't be able to lift the economy from deflation," said Kyohei Morita, chief Japan economist at Barclays Capital. If the BOJ does take radical steps due to government pressure, "the world will lose confidence in the government and the BOJ."

The moves came as prominent government officials have called on the central bank to do more to stop deflation, saying a persistent fall in prices could hurt the nascent economic recovery. Finance Minister Naoto Kan has said he wants deflation to end this year.

After the BOJ's decision Wednesday, Mr. Kan told reporters the policy decision "brought [the BOJ] one further step forward in the direction of overcoming deflation."

Prices have been dropping

Please turn to page 16

Rio Tinto trial set to begin Monday

By James T. Areddy

SHANGHAI—China scheduled the trial of four **Rio Tinto** PLC executives accused of commercial crimes, marking the final stages of a case that has roiled Beijing's relations with Australia and fueled concerns about its treatment of foreign businesses.

The four executives, including Australian national Stern Hu and three Chinese nationals, will be tried starting Monday in the Shanghai No. 1 Intermediate People's Court, according to court documents released Wednesday. The news comes more than eight months after the men were detained on murky allegations of stealing state secrets in the midst of tensions between global miners and China's steel industry over the price of iron ore. The accusations were later downgraded to stealing commercial secrets and taking bribes.

The trial's opening date sets up a potentially awkward situation for Rio Tinto. The Anglo-Australian mining giant's chief executive, Tom Albanese, is scheduled on the

Please turn to page 16

Foreign businesses sour on China

By Andrew Browne And Jason Dean

BEIJING—Foreign businesses say their relationship with China is starting to sour, as tougher government policies and intensifying domestic competition combine to make one of the world's most important markets less friendly to multinationals.

Interviews with executives, lawyers, and consultants with long experience in China point to developments they say are making it much harder for many foreign companies to succeed. They say the changes suggest Beijing is reassessing China's longstanding emphasis on opening its economy to foreign business—epitomized by the changes it made to join the World Trade Organization in 2001—and tilting toward promoting dominant state companies.

In the latest broadside against foreigners, authorities in a wealthy province near Shanghai Tuesday assailed the quality of luxury clothing brands from the West, including **Hermes**, **Tommy Hilfiger** and **Versace**.

Regulatory barriers cap participation in some industries. Other rules favor local suppliers.

Next week, the American Chamber of Commerce in China is coming out with a new survey of its members that is expected to document a downturn in sentiment.

Technology executives say they are highly concerned about government procurement rules issued late last year that would favor local suppliers who have "indigenous innovation." The rules, if implemented, could limit foreign access to tens of billions of dollars in contracts for computers, telecommunications gear, office equipment and other goods.

Patent rules imposed Feb. 1 threaten to increase costs in China for foreign innovators in industries such as pharmaceuticals, and let authorities force foreign drug companies to license production to local companies at state-set prices.

Executives in several industries say the liberalization spurred by China's WTO entry is stalling. Foreign makers of wind turbines and solar panels say they are being shut out of big renewable-energy projects. Regulatory barriers effectively cap participation in insurance: Foreign companies had just 4.7% of China's life-insurance market as of June, and 1% of its property and casualty market, according to **PricewaterhouseCoopers**.

"I am pro-China and I am in favor of doing business in China, but I have some serious concerns about what has been happening in the last year," says Fraser Mendel, an attorney with U.S. law firm Schwabe, Williamson & Wyatt.

Chinese officials dismiss complaints that the environment for foreigners has worsened, but there are signs top leaders are noting their concerns. Commerce Minister Chen Deming called top China

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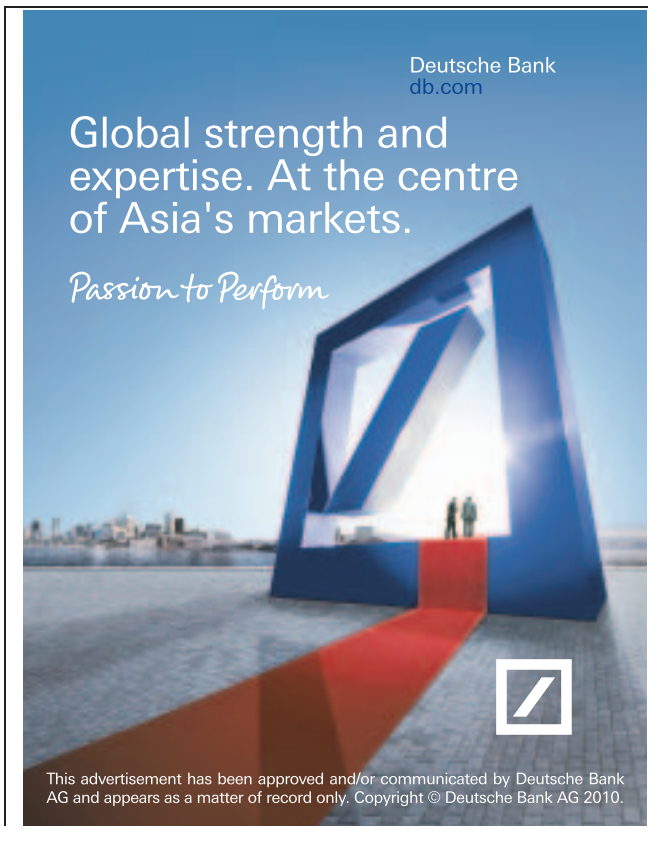
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What's News—

Associated Press

Schoolchildren run holding the Indian national flag during the shooting of a video music album in front of the Red Fort monument in New Delhi on Wednesday.

* * *

Business & Finance

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White House officials say the economic recovery could stall if a climate bill isn't passed this year.

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THE WALL STREET JOURNAL ASIA
Dow Jones Publishing Company (Asia)
25/F, Central Plaza, 18 Harbour Road, Hong Kong
Tel 852-2573 7121 Fax 852-2834 5291
www.wsj-asia.com

SUBSCRIPTIONS and Address Changes, please telephone our local customer service hotline, Hong Kong/Taiwan: 852-2831 2555; Beijing: 86-10 6581 4090; Shanghai: 86-21 5836 8228; Indonesia: 62-21 344 1101; Japan: 81-3 6269-2760; Korea: 82-2 756 1695; Malaysia: 60-3 2026 4061; Philippines: 63-2 848 5873; Singapore: 65-6415 4000; Thailand: 66-2 652 0871. Or email: service@wsj-asia.com

ADVERTISING SALES worldwide through Dow Jones International. Hong Kong: 852-2831 2504; Singapore: 65-6415 4300; Tokyo: 81-3 6269-2701; Frankfurt: 49 69 29725390; London: 44 207 842 9600; Paris: 33 1 40 17 17 01; New York: 1-212 659 2176. Or email: wsja.publisher@dowjones.com

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WORLD NEWS

Thai rally hits tourism sites

Protesters are slowly running out of ways to push ahead their campaign for new elections

By James Hookway

BANGKOK—Thailand's street protesters are exhausting ways to crank up their campaign for fresh elections after bringing Bangkok's tourist belt to a standstill Wednesday and throwing bags of blood at the home of Prime Minister Abhisit Vejjajiva.

Despite the demonstrators' increased visibility, crowd numbers at their main site have dwindled to less than half the 150,000 people that police estimate turned out Sunday night in a show of support for ousted populist leader Thaksin Shinawatra.

Supporters flooded into Bangkok over the weekend to speak out against a 2006 military coup that toppled Mr. Thaksin, and against the way Thailand's courts disqualified another, pro-Thaksin government two years later for alleged election violations, enabling the Oxford-educated, army-backed Mr. Abhisit to take power. Mr. Abhisit has repeatedly said he won't bow to the protesters' demands for early elections.

Political analysts warn that as the demonstrators grow more frustrated, there might be a critical turning point: Either they will choose to return home content with having noisily made their point, or opt to riot, as they did in April 2008, resulting in two deaths and badly damaging Thailand's reputation as a safe holiday destination.

"This is where it gets dangerous," says Sakool Zuesongdham, director and secretary of Bangkok's Open Forum for Democracy Foundation. "The government needs to find a ladder for them to climb back down so they can go home without resentment and believing that their voices have been heard. Otherwise they could lash out."

On Wednesday, tens of thousands of demonstrators left their base in Bangkok's old-town to protest in one of the city's busiest commercial and residential areas, Sukhumvit Road. Riding in pickup trucks and three-wheel *tuk-tuk* vehicles, or perched on the back of motorcycles, the protesters brought traffic to standstill in a part of town popular with wealthy Thais and expatriate families, before moving on to the U.S. and British embassies.

In the Sukhumvit area, their plan was to pour blood they had collected from protesters. The protesters held blood ceremonies on Tuesday at the main government complex and at the headquarters of Mr. Abhisit's Democrat Party.

While red-shirt leader Nattawut Saikeua was negotiating with police to perform a similar ceremony at Mr. Abhisit's residence, a small group of protesters poured blood from jugs into dozens of plastiac bags that they sealed with elastic bands. As the blood-spilling ceremony began, a number of people hurled the bags of blood at the house, with two landing on the roof, until other demonstrators urged them to stop. The action ended, and the crowd moved to the Western embassies.

Analysts said the blood-throwing incident appeared to illustrate how some hard-liners in their ranks are attempting to goad police into a violent confrontation as a way to challenge the legitimacy of Mr. Abhisit's government. The Associated Press quoted one of the protest leaders, Veera Musikapong, as saying the group was unsure of its strategy from day to day.

Mr. Sakool at Open Forum, says Mr. Abhisit's government needs to better explain the significance of a February court ruling that Mr. Thaksin abused his power in office to benefit his telecommunications business. Thailand's Supreme Court confiscated $1.4 billion of Mr. Thaksin's family fortune—more than half of the amount frozen in his bank accounts since the 2006 coup. Mr. Thaksin is living overseas to avoid imprisonment on an earlier corruption conviction.

"Mr. Abhisit needs to do this, and then he might stand a better chance of forming a new government once he does call elections," Mr. Sakool says.

Mr. Abhisit must call fresh polls by the end of 2011.

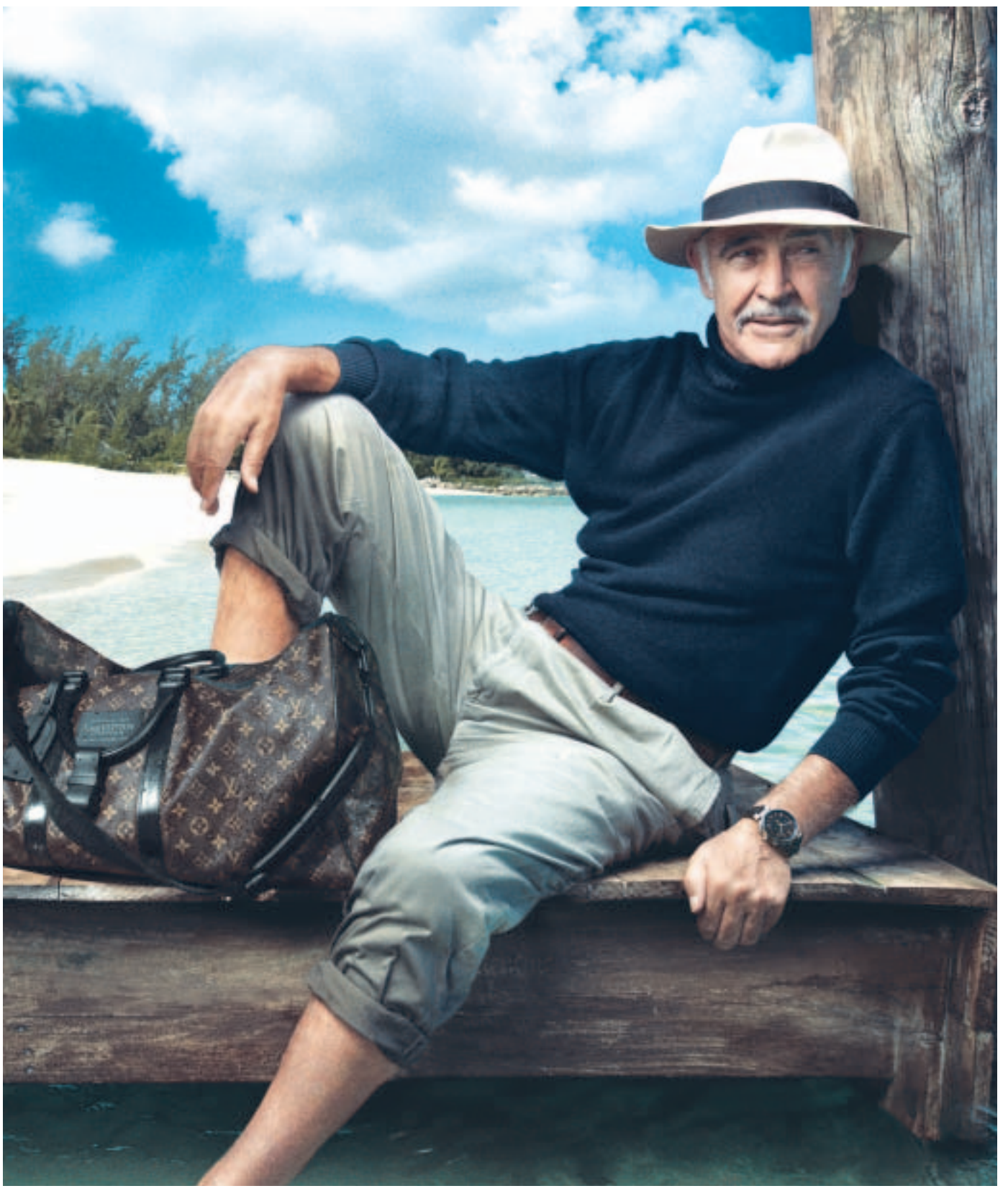
For many red-shirt protesters, however, the court ruling shows there are two legal systems in Thailand: one for the army and the bureaucratic elites and another for politicians such as Mr. Thaksin who challenge the system.

"There's a double system at work here. That's why we're here," says 63-year-old Sophon Samphornpan, a local government worker from the city of Chiang Rai.

—Patrick Barta contributed to this article.

Getty Images

Police guard premier's residence.



There are journeys that turn into legends.
Bahamas Islands. 10:07

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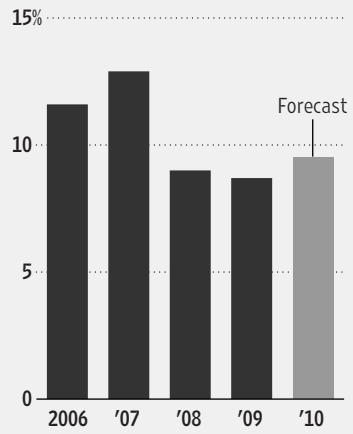
Taming the economy

China's GDP growth, change from previous year



Sources: World Bank, Agence France-Presse/ Getty Images (photo)

Left: People shop for food at a market in Beijing.

China's growth to accelerate

World Bank urges Beijing to raise rates and allow currency to strengthen to curb economy

By J.R. Wu And Andrew Batson

BEIJING—The World Bank on Wednesday urged China's government to take more measures to cool its economy and head off inflation, as the bank expects the country's economic growth to accelerate to 9.5% this year.

In its quarterly report on China's economy, the World Bank raised its forecast for China's growth this year from the 8.7% increase the bank projected in November and suggested Beijing use rate rises and a stronger yuan to avoid inflation and the formation of asset bubbles in the domestic property market.

Beijing has been gradually exiting the stimulus measures put in place during the financial crisis. The central bank has twice ordered banks to keep a bigger portion of deposits on reserve this year to curb loan growth after a big increase in lending last year, and Premier Wen Jiabao stressed the importance of price stability in his annual work report to the nation's legislature.

China's stated growth target for this year is around 8%, following an 8.7% expansion in 2009.

"We do observe other macroeconomic risks that are in part an outcome of the stimulus as it was implemented last year," said Louis Kuijs, senior economist with the World Bank in Beijing. He said that rising property prices should be contained as "price rises on the property market could reach a level that is not healthy."

The bank recommended that China's macroeconomic policy stance this year needs to be tighter than in 2009 and that China must adopt different policy measures than most other major economies because it is growing so much faster. It said the case for using interest rates to tighten policy and allowing a more flexible exchange rate is growing.

"Inflation expectations can be contained by a tighter monetary policy stance and a stronger exchange rate," the bank said. "Relatively low interest rates contribute to the overinvestment and speculation that the government is trying to limit."

The World Bank said the inflation rate in China is unlikely to rise too high this year, but it expects the consumer-price index to rise 3.7% in 2010 before moderating to 2.8% in 2011.

China's government has estimated CPI will rise around 3% this year after falling 0.7% last year.

The World Bank's recommendation that China use the exchange rate to help rebalance the economy isn't new, but it follows repeated calls from other countries for Beijing to let the yuan appreciate. Critics say the yuan is undervalued, which gives Chinese goods a competitive edge in export markets.

China has been steadfast in defending its currency policies, which have kept the yuan effectively pegged to the dollar since the government halted the Chinese currency's gradual appreciation in mid-2008. On Sunday, Mr. Wen said the yuan isn't undervalued and suggested that calls for yuan appreciation amount to trade protectionism.

The World Bank said China's export prospects appear good in the short term, but the situation is less clear for later in the year.

The bank said it expects China's current-account surplus to grow to $304 billion this year and to $341 billion next year. Last year, China's current-account surplus was $284 billion.

The bank said it expects China's foreign-exchange reserves, the world's largest at $2.4 trillion at the end of last year, to exceed $3 trillion in 2011. It projected foreign-exchange reserves would reach $2.818 trillion at the end of this year and $3.289 trillion at the end of 2011.

Another risk, the bank said, are the strained finances of local governments, but it suggested that problem could be controlled. "Given China's solid macro position, we think the local government problems are not large enough when you put them together to cause systemic stress on China's economy," Mr. Kuijs said, while cautioning that the flow of new lending to these platforms will have to be contained.

Local-level governments aren't allowed to directly issue bonds and instead rely heavily on property deals to generate revenue. They have also set up financing vehicles and investment companies through which they can access bank loans, which they guarantee.

Singapore exports grew in February

By Sam Holmes

SINGAPORE—Singapore's key exports continued to grow in February from a year earlier, helped by a strong bounce in the pharmaceuticals and electronics sectors and adding to the case for modest policy tightening next month, government data showed Wednesday.

Nonoil domestic exports rose 23.4% in February from a year earlier, the trade promotion agency International Enterprise Singapore said in a statement.

The expansion followed a revised 20.5% increase in the previous month and was stronger than the 18.4% rise expected by the median forecast of seven economists polled by Dow Jones Newswires.

The continued strength in exports is in line with the broader recovery in global trade and follows a sharp plunge in Singapore's external trade earlier last year in the wake of the global financial crisis.

The data add weight to the case for the Monetary Authority of Singapore to let the domestic currency appreciate in small measures at the central bank's semiannual policy meeting in April.

HSBC economist Robert Prior-Wandesforde said the most recent numbers show the recovery in Singapore trade is a sustainable one, allaying earlier fears that a buildup in pharmaceutical stock in January wouldn't be matched by demand.

Pharmaceutical exports—a key driver of Singapore's export-dependent economy—surged 29% in February from a 29.7% fall in January. Singapore's pharmaceutical sector is dominated by a small number of companies, and output levels as a result tend to be volatile.

"This month's data suggest that there actually is some final demand out there and that is clearly very encouraging," Mr. Prior-Wandesforde said. He said the data shift HSBC's expectations for a modest and gradual MAS tightening in April to a "high conviction call" from a previous "low conviction call."

However, Action Economics economist David Cohen said that despite economic improvements in the U.S. and elsewhere, the case for April tightening isn't compelling.

IMF upbeat on India's outlook

By James Glynn

SYDNEY—An upbeat assessment of India's growth outlook from the International Monetary Fund, coupled with a warning on the need to anchor inflation expectations, is likely to lend weight to market expectations for near-term monetary tightening by the country's central bank.

The IMF, in its latest Article IV consultation paper issued Wednesday, said India's economy is recovering well, with conditions now in place for a gradual tightening of monetary policy. It also indicated there is room for the rupee to rise without compromising a recovery.

"India's economy is rebounding strongly ahead of most countries in the world, bringing policy trade-offs to a head earlier than in other countries," the IMF said.

The comments highlight the dilemma for policy makers in India as they confront an economy picking up steam with inflation pressures starting to build, at a time the country's fiscal position remains weak.

Indian government officials have been fretting over the current surge in inflation to a 16-month high of 9.89% in February. The finance ministry's chief economic adviser, Kaushik Basu, said this week the headline inflation rate could accelerate further in March.

Economists increasingly expect the Reserve Bank of India to become more aggressive in tightening policy, possibly raising interest rates at its next meeting in April.

At its most recent meeting at the end of January, the RBI left lending and borrowing rates on hold but increased the cash reserve requirement for banks by 0.75 percentage point.

The process of tightening macroeconomic policy settings should start with monetary policy, the IMF said.

"Moving early would also mitigate the risk of inflation expectations becoming unmoored, and thus would require a smaller overall adjustment. Initial steps could be to sequester most of the excess liquidity through increases in the cash reserve ratio," it added.

The IMF forecasts India's economic growth to accelerate to 8.0% in 2010-11 from 6.75% in 2009-10. That compares with the government's forecast for growth in 2010-11 of 8.5%.

"With India's long-term prospects remaining strong and private sector balance sheets sound, we expect growth to be back at potential in 2010-11 even if advanced economies grow below trend," the agency said.

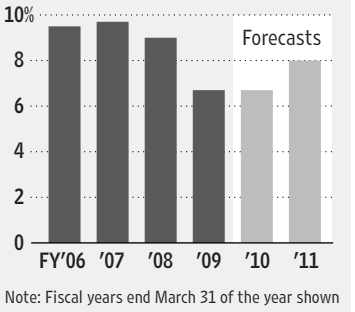
Allowing the rupee to gain wouldn't necessarily result in reduced competitiveness, it added. The rupee is up 1.9% against the U.S. dollar since the start of the year, and some analysts believe the central bank may step up intervention to slow the rise and protect exporters, in line with similar moves elsewhere in Asia.

"Given low interest rates in advanced economies and India's high relative growth, capital inflows are likely to be substantial. With the rupee still below its 2008 peak, there would be room for appreciation without concerns about eroding competitiveness," the IMF said.

Other policy options, especially prudential measures, may be appropriate if asset price bubbles are a threat, it added. However, straightforward capital controls should be used "only as a last resort," given India's dependence on foreign inflows to sustain investment.

India's GDP growth

Change from a year earlier



Note: Fiscal years end March 31 of the year shown
Source: International Monetary Fund

The IMF sounded a warning note about the country's fiscal health, calling for a reduction in India's 2010-11 budget deficit.

"With the recovery becoming entrenched and India's high debt, the risk of premature withdrawal of fiscal stimulus is low. Introducing reforms to underpin lasting consolidation will be of paramount importance," it said.

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WORLD NEWS: ASIA

Congress's key bills stall in India

Ruling party finds passage of legislation—on women and the U.S. nuclear pact—difficult despite election victory

By Vibhuti Agarwal

NEW DELHI—India's ruling Congress party is finding that a commanding election victory doesn't necessarily translate into smooth passage for its landmark pieces of legislation.

On two fronts recently, the government has been stymied in its plans to push through laws that are important to its agenda in its second term, having handily won reelection last year. A bill to establish a quota of women legislators in New Delhi is stalled, and the government earlier this week backed away from introducing a bill that is crucial to the implementation of the 2008 civil nuclear accord signed with the U.S.

With its allies in the United Progressive Alliance, Congress holds 322 of 543 seats in the lower house of Parliament. But recent experience shows that the government can still be thwarted by recalcitrant allies or a united opposition. Congress itself holds 206 seats.

Professor Chintamani Mahapatra at New Delhi's Jawaharlal Nehru University says the support of allies is crucial since the Congress itself doesn't have majority in the lower house of the parliament. "Emotive issues like the women's quota and the nuclear liability bill need political trading," Mr. Mahapatra said.

The historic women's bill now appears in jeopardy, with any passage at least months away. The government expected smooth passage through both houses of Parliament and the legislation was passed in the upper house. But it was foiled by government allies who want the quota applied only to Muslim and other minority women. With members of the Trinamool Congress, a Congress party offshoot that is part of the coalition, opposing the bill along with two other government allies, the future of the bill now seems uncertain.

The chief whip of the Congress party, Paban Singh Ghatowar, has declined to specify a time frame for introducing the bill in the lower house, saying "it will be introduced only after completion of the debate." Parliament heads for a monthlong recess at the end of this week, meaning the soonest it could be revived would be in mid-April, when it is likely to face similar opposition.

Congress spokesman Manish Tiwari says the government is focusing on consultation. "The legislation has not been stalled. It is a process that requires time," Mr. Tiwari said.

European Pressphoto Agency

Politicians protest the Women's Reservation Bill outside Parliament.

The government in its first term from 2004 to 2009 was hamstrung by the constant threat that left-wing allies would leave in opposition to proposed reforms and market liberalizations. The new term was supposed to be different as the government formed a mandate without its Leftist partners. But now hopes, particularly among foreign investors, that the government would have the power finally to push through overhauls and bold policies may be dashed.

The government, for instance, has long talked about opening up the insurance and retail industries to greater foreign investment. Many Indian executives had expected action at least on insurance by the time Finance Minister Pranab Mukherjee delivered his budget at the end of last month. But the budget made no mention of the initiative.

Even the government's signature civilian nuclear technology agreement with the U.S., which was passed by the Parliament in the summer of 2008, is running into roadblocks.

On Monday, the government deferred introduction of a bill capping liability for any nuclear damage amid stiff resistance from opposition parties.

The enactment of the liability law is crucial to bring into operation the U.S.-India agreement and allow the entry into India of private U.S. nuclear-power companies, which have already been assigned land for nuclear plants.

India's science and technology minister, Prithviraj Chavan, said Wednesday, "The moment the issue of any likely foreign participation comes up there is a red flag," according to the Press Trust of India.

Defense analyst Rajiv Nayan at the New Delhi-based Institute for Defence Studies and Analyses said leaving in limbo the controversial nuclear liability bill will delay the entry of U.S. companies in India's nuclear market.

He added that the government isn't in a position to bulldoze over the minority view and should consult all parties and groups before taking a decision.

Pakistani court charges five Americans

By Tom Wright

ISLAMABAD—A Pakistani judge officially charged five Americans from the Washington area with plotting terrorism in the country after they were arrested in December on allegations of trying to link up with an al Qaeda operative.

The men, all students in their teens or 20s, face a maximum sentence of life imprisonment after the judge in an antiterrorism court in the town of Sargodha charged them on five counts, including directing a person to commit a terrorist attack. All five pleaded not guilty to the charges, said a lawyer for the men.

Pakistani's judicial system differentiates between criminal conspiracy to commit terrorism in Pakistan, punishable with a seven-year sentence, and directing others to commit terrorist acts, which carries a life sentence.

The judge charged the men directed each other to commit terrorism, said Hassan Dastgir Katchela, one of their lawyers. The defendants' legal team will file for this charge and one other—planning to commit acts of deprivation against the U.S. and Afghanistan—to be struck off when the court next sits on March 31, Mr. Katchela said.

Prosecutors allege the students, who were arrested in December at the house of one of the men's relatives in Sargodha, a town in eastern Punjab province, had developed Internet contacts with an al Qaeda operative and were planning to join military training camps in Pakistan's lawless tribal regions.

Prosecutors are basing their case on an email from an al Qaeda operative to the men, Mr. Katchela said. The accused deny the existence of the email, he added. Attempts to reach prosecutors weren't successful.

The case raised fears in the U.S. about American citizens allegedly involved in extremist cause after David Headley, a U.S. citizen of Pakistani descent, was indicted in December on charges of aiding the 2008 attacks on Mumbai.

The five men appeared to have met as members of a youth group at the Islamic Circle of North America Mosque in Alexandria, Va.

They traveled to Pakistan on Nov. 30 and were arrested a week later in Sargodha after their families in the U.S. reported them missing, leading to the FBI informing Pakistan authorities. The men had said on visa applications they were traveling to Karachi for a friend's wedding with plans to sightsee in Lahore and Sargodha.

The men were in contact with Jaish-e-Mohammed, an outlawed Pakistani extremist group loosely connected with al Qaeda, Pakistani officials familiar with the investigation said.

The suspects were interrogated by Pakistani intelligence officials, FBI agents and other U.S. officials. Initially, American officials said they expected Pakistan would deport the men to the U.S., where they face an FBI investigation,

Cash garlands spur India political spat

By Krishna Pokharel

NEW DELHI—Two garlands of cash have surged as the symbols of a jostling match involving one of India's most important politicians who aspires to be the country's prime minister.

Mayawati, the 54-year-old chief minister of Uttar Pradesh, India's largest state with 180 million people, was presented by party workers with two gigantic garlands crafted of rupee notes this week. One necklace, which was made of $46,000 in rupee notes, according to a member of her party, was bestowed on Ms. Mayawati Monday at the silver jubilee of the Bahujan Samaj Party, of which she is president.

Vijay Bahadur Singh a BSP representative in India's national parliament, said the garlands were fashioned of small donations by many party workers and the money will go to the party's fund, which goes to political activities. Presenting money garlands is often used as a tribute in Indian culture, Mr. Singh said, and Ms. Mayawati accepted the garlands on behalf of the party as a tribute to her leadership.

Ms. Mayawati couldn't be reached for comment Wednesday.

The first garland sparked charges of ostentation from Ms. Mayawati's political opponents in New Delhi. On Wednesday, BSP supporters presented Ms. Mayawati with another cash necklace—made of $40,000 in rupee notes, they said—at a public party gathering.

"All the hue and cry over the garlands is just a facade," Mr. Singh said. "The fact is the Congress and other parties are envious of our party's huge popularity in Uttar Pradesh." He said about 2.5 million party supporters from all over the state and other parts of India came to Lucknow, Uttar Pradesh's capital, on Monday to mark the silver jubilee of the BSP's establishment 25 years ago.

Agence France-Presse

Chief minister of the Indian state of Uttar Pradesh Mayawati, right, waves as she receives a garland Wednesday.

The garlands have come to symbolize Ms. Mayawati's determination to show that she still commands huge loyalty and that her support remains strong among her political base: Those at the bottom of the Hindu caste hierarchy whose aspirations she embodies and for whom her proximity to large amounts of cash could be a sign of her power.

For the past few years Ms. Mayawati has drawn the scrutiny of India's Central Bureau of Investigation and the country's judiciary over matters such as the alleged use of state funds to build statues of party leaders, including herself. Ms. Mayawati, who rarely speaks with the media, dismisses those allegations as attempts by her rival political parties who oppose lifting up India's lower castes.

WORLD NEWS

Athens plans asset sales to cut debt

Islands won't be sold, but government's controlling stake in a lucrative gambling monopoly may be up for grabs

By Alkman Granitsas And Sebastian Moffett

ATHENS—The cash-strapped Greek government is putting a host of state assets on the block, but has drawn the line at offloading islands in a bid to reduce its crushing debt burden.

Officials plan to sell some of the country's eclectic holdings, which include jumbo jets and stakes in banks and a famed casino. Prime Minister George Papandreou recently dismissed a suggestion by a few German politicians that Athens sell some of the country's uninhabited islands, telling the Financial Times, "There are more imaginative and effective ways of dealing with the deficit than selling off Greek islands."

Instead, the government figures that by selling its stakes in a bank and a betting company, as well as its share of the national telecommunications company, it can raise €2.5 billion ($3.76 billion)—the equivalent of 1% of gross domestic product, its target for this year. That would only scratch the surface of Greece's debt—which has surpassed the country's €250 billion-a-year GDP—but would underscore for financial markets that Athens is serious about fixing its public finances.

The government also may put up for sale its shares in 15 other companies, including the water utility in Athens, a leading oil refiner, and several casinos. The Finance Ministry also wants to get rid of some Airbus A340 planes that it owns from the years before the country's debt-ridden national carrier, **Olympic Airlines**, was privatized.

Although the ruling Socialist party enjoys a substantial majority in Parliament, it is divided about privatization. Economic concerns are more likely than political ones to derail any deals. With confidence in the Greek economy low and the rest of the world stumbling through an uncertain recovery, investors might undervalue the assets, meaning the government would raise less money than in a normal year.

"The privatization plan sounds excellent in theory. If you sell all of the state assets and maybe throw in the Acropolis too, it's possible the government could hit its targets," says Constantine Michalos, president of the Athens Chamber of Commerce and Industry. "But at current market rates they will be going out on the cheap. Because, let's face it, it's not just Greece that's in recession, it's the whole world."

The government has yet to present details of its privatization plan, but has said it is looking at selling or reducing its controlling 34% stake in gambling monopoly OPAP SA as well as the 34% it owns of Hellenic Postbank, a savings bank that initially was allied with Greece's postal service.

The most valuable asset to be unloaded is the government's stake in OPAP, the gambling company whose name translates roughly as the Organization for Prognostication on Soccer Matches. Officials estimate Greece would fetch €1.63 billion from its stake in the enterprise established in the 1950s for betting on soccer. But with a current share price around €15, OPAP's market value has tumbled by more than 30% in the past 10 months and is down 50% from five years ago.

Casting off

Greece plans to sell some of its diverse holdings, which include:

COMPANY NAME	VALUE OF ASSET, IN MILLIONS OF EUROS
OPAP (betting firm)	€1,627
Public Power Corp.	1,585
Agricultural Bank of Greece	1,365
Hellenic Petroleum	888
Hellenic Gas Transmission System Operator	650
Hellenic PostBank	429
Port of Piraeus Authority	278
Mont Parnes Casino	200
Port of Thessaloniki Authority	111

Note: €1 million = $1.37 million; Source: Greek Ministry of Finance

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Sports Promotion

The Business of Football

What business can learn from football

Teams try to find their winning formulas through mergers, acquisitions, outsourcing

Successful strategies stem from long-term planning, requiring regular reviews

By Catherine Bolgar

Christopher Serra

If football were an analogy for business, player trades would be the equivalent of mergers and acquisitions. In business, there are two kinds of growth: organic and inorganic. A company can increase its size through internal growth, by offering new services or products. Or it can grow by buying another company.

In football, you can't put more than 11 men on the field. Clubs buy and sell players much in the way companies acquire and dispose of business lines. But while business can expand without limit, football teams can't infinitely add players because the salaries are too great, even for the richest clubs.

"A team could just go out and hire the best 100 players," says Chris Brady, dean of BPP Business School in London and author of "The 90-Minute Manager: Lessons From the Sharp End of Management." But that's not financially sensible, he adds.

In the end, such constraints can bring issues into sharper focus, and help highlight lessons for business. Why do football clubs or businesses make acquisitions? The answer boils down to adding skills, adapting to a changing environment or gaining access to new markets.

Shoring up strength

Football clubs don't buy each other, so acquisitions are limited to people: the manager, the players and the marketing and support staff, notes Cary Cooper, professor of organizational psychology and health at Lancaster University, Lancaster, U.K., and co-author of "Business and the Beautiful Game." When Manchester City felt its weakness was in goal scoring, it bought a group of forwards to shore up strength in that area.

"If you're buying a footballer you have to think about what role you need to be fulfilled in the team: goal scorer, creative player, etc.," says Andy Adcroft, senior lecturer in corporate strategy at the University of Surrey School of Management. "In the same way, if you're going on an acquisition spree as a company, you have to think about exactly what kind of opportunity you want to take. In business, you can make opportunistic acquisitions, which you can't do in football — you can't buy a player without a place for him."

Pharmaceutical and software companies have long used acquisitions to add new skills and new products. Buying a startup not only takes a potential future rival out of the picture but gives a quick jolt to the product development pipeline. Wipro Ltd., a major Indian software company, recently said it was looking to buy up companies to flesh out its service offerings.

Finding a continual supply of fresh skills isn't easy. In football, many teams have academies to bring up new generations of players. In the U.K., the idea of farm teams hasn't caught on the way it has on the Continent or in the U.S., says Dr. Brady of BPP. "It may yet happen in the U.K.," he says. "It may make sense for top teams to buy smaller ones as feeders."

Some businesses do sponsor academies, but many more aim for close links to universities, to gain access to the latest research and technology. And some companies also forge ties with industry clusters, offering financing and other support to startups, then acquiring those that develop products that would complement the big company's business lineup.

The inverse of acquisition works as well: football clubs use transfers to get rid of players who no longer fit the mix, just as companies use disposals to slough off business lines that no longer qualify as being core. Since player salaries are a club's biggest expense, it may be necessary to let go of a star player in order to stay afloat after a bad season, especially if a team suffers the blow to revenue that comes from being relegated from the Barclays Premier League.

The successful strategies stem from long-term planning that constantly undergoes re-evaluation, says Dr. Adcroft of the University of Surrey. "It's not just 'let's go out and buy the best 11 players.'"

"What football has experienced that business hasn't to the same extent is globalization of top talent."

In business, nothing stands still: new technology, new trends like globalization, or new competitors come along and require a constant update of business plans. Though the rules of football haven't changed much in the past 100 years, players come and go constantly. "Football clubs are even less stable than business," says Dr. Cooper of Lancaster University.

A winning lineup from last season might not stand up against rival clubs that have themselves been evolving and bringing in reinforcements. At the same time, player injuries mean the opposing squads are almost never quite the same as during a face-off earlier in the season.

Meanwhile, football, like business, has been transformed by sweeping trends, most notably the role of money. "Football clubs need lots of money and investment, where they didn't before," Dr. Cooper says.

Bidding for talent

Money is what determines the boundaries of possibility. "The best playing talent goes to the highest wages," says Bill Gerrard, professor of sport management and finance at Leeds University Business School in Leeds, U.K. Historically, the biggest wages were in Italy and Spain. Now, it's the Barclays Premier League, he says.

"England has led the way in commercialization of football, increasing the value of the team, getting sponsorships, driving revenue outside of the stadium, using the stadium all the time for other events, looking to expand beyond the domestic market to sell TV rights around the world," Dr. Gerrard says. "English [Barclays] Premier League clubs have been very, very innovative."

Sports Promotion

Barclays Premier League teams have been innovating on a business trend: outsourcing, says Dr. Cooper. Teams have been putting players on loan, which temporarily relieves them of salary payments while giving them the option of getting the player back if needed. Manchester City has loaned striker Joao "Jo" Alves de Assis Silva to Everton, while Aston Villa loaned defender Nicky Shorey to Nottingham Forest but called him back to replace an injured player.

The arrangement lets clubs "avoid the expense of a transfer fee and lets the new team try the person for a year," Dr. Cooper says. If the player does well, he might not want to return, but his value would go up, so his original team would benefit anyway.

One of the most remarkable lessons from football is how the Barclays Premier League has taken a quintessentially local or regional product and turned it into a global phenomenon.

International appeal

The Barclays Premier League first of all offered a certain cache to potential fans outside the U.K. Players were known around the world as celebrities in their own rights, whose activities were followed beyond the sports pages. When games began being broadcast internationally, those potential fans turned into real ones. Merchandising followed quickly, giving fans a tangible connection. Clubs polished their international appeal, cultivating a United Nations of players and even managers.

In football, you can't put more than 11 men on the field; if you're buying a footballer you have to think about what role you need to be fulfilled in the team.

"What football has experienced that business hasn't to the same extent is globalization of top talent," says Rory Miller, program director for the MBA in football industries at the University of Liverpool Management School. "Within top football clubs, there's now less resistance to bringing in a manager who is not proven in the country. But many firms of a similar size will still try to recruit managers from the country where they're based."

There are companies whose products are exactly the same around the world, and that's even part of their appeal — a Big Mac is a Big Mac, no matter where you eat it, says Dr. Adcroft of the University of Surrey. Other companies have to adapt their goods or services to every single market, often by working with local partners or buying local partners.

Football is a combination of the two. "Football is the one single global game," Dr. Adcroft continues. "If you walk up to a football pitch in China, England, the U.S., South Africa or Brazil, it's the same size, all the teams have 11 players, they all follow the same rules. But teams play in different ways. The German approach is completely different from the Brazilian approach."

New markets

Among the most successful at tapping new markets is Manchester United. First, it was a winning team, notes James Park, manager at Brand Finance PLC, a brand valuation consultancy, speaking from London. "It was the first to really engage with local fans in overseas tours. And it brought in genuine merchandise. It even opened a Manchester United store in Singapore. It got a first-mover advantage."

Even football clubs have a hard time finding a winning formula for overseas markets. While international star players bring lucrative international fans, clubs have to be wary in focusing their marketing efforts on a single player, Mr. Park says. Research shows that some younger overseas fans may remain loyal to superstar players rather than the teams themselves, and will transfer their allegiance if the player changes club.

The Business of Football series is also available online at: **wsj.com/businessoffootball**

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The Severn 8 development is on Severn Road in Hong Kong, which Wealth Bulletin named one of the world's 10 most expensive streets in 2009.

Hong Kong tech firm pays up for luxury-home investment

Price of $36 million for townhouse, with aroma spa and swimming pool, shows city's high-end market is still hot

By Joyce Li

A luxury townhouse with sweeping views of the downtown Hong Kong skyline has sold for 280 million Hong Kong dollars (US$36 million), the latest sign that the city's market for high-end property continues to sizzle amid abundant liquidity and limited supply.

The three-story, 4,650-square-foot (432-square-meter) house in the prestigious Peak area of Hong Kong is part of the Severn 8 development on Severn Road, named one of the 10 most expensive streets in the world by Wealth Bulletin last year. Also on that list were New York's Fifth Avenue and London's Kensington Palace Gardens; Avenue Princesse Grace in Monaco was named the world's most expensive street.

The 22 houses in the Severn 8 development overlooking Hong Kong's Victoria Harbour were completed in 2005 by **Sun Hung Kai Properties** Ltd., which says their design was inspired by four eminent Italian hotels. The development features a 20,000-square-foot clubhouse with a swimming pool and aroma spa, as well as an elaborate security system to protect the privacy of residents.

Buyer **Sino Tech International Holdings** is paying HK$60,215 per square foot for the townhouse, one of the highest prices ever paid for a property in Hong Kong. A duplex apartment in the Mid-Levels district was sold in October for HK$71,280 per square foot, a residential record in Asia at the time, according to Henderson Land Development Co., a developer controlled by billionaire Lee Shau-Kee.

Sino Tech, a Hong Kong-listed electronics-component maker, said Tuesday that it is buying the townhouse as an investment.

Demand for ultra-luxury property in Hong Kong has been growing strongly in the past few years, pushing prices in the segment to dizzying levels because of a scarcity of supply—particularly of townhouses and detached houses in urban areas—and the rising wealth of some buyers in mainland China looking for investment opportunities.

Luxury-property prices in the city soared about 50% last year, compared to a nearly 30% rise in the overall residential market.

In a bid to lower speculative demand for high-end properties, the Hong Kong government said in February it would raise the stamp duty on luxury-property sales of more than HK$20 million to 4.25% from 3.75%.

The stamp-duty increase is one of several measures the government is taking to cool the property market in case an asset bubble is forming. Other steps include making more prime sites available for auction to increase land supply, and planning to sell about 4,000 subsidized apartments to provide more affordable homes to middle- and lower-income residents.

Gains in Hong Kong's luxury-property sector have slowed somewhat since the start of this year, though analysts say they don't expect a pullback in prices any time soon.

According to Wealth Bulletin, the overall value of prime residential property on the most expensive streets in the world fell about 12% last year. Hong Kong's Severn Road slipped to the eighth spot, down from second place in 2008.

Some of the mainland Chinese buyers who are thought to be driving up the price of luxury property in Hong Kong are also having an impact on high-end property further afield. Super-rich people from China are particularly active in the London markets, attracted by depressed property values and the decline in the value of sterling.

Earlier this year, Hong Kong billionaire Joseph Lau, chairman of Chinese Estates Holdings, paid US$54 million for a six-story mansion in London's Belgravia district. The residence reportedly features its own cinema.

—Duncan Mavin contributed to this article.

Golden streets

The top ten most expensive streets in the world in 2009, in dollars per square meter

Avenue Princesse Grace, Monaco
$120,000

Chemin de Saint-Hospice, Cap Ferrat, France
$100,000

Fifth Avenue, New York
$72,000

Kensington Palace Gardens, London
$65,000

Avenue Montaigne, Paris
$54,000

Via Suvretta, St Moritz, Switzerland
$45,000

Via Romazzino, Porto Cervo, Sardinia
$42,000

Severn Road, The Peak, Hong Kong
$40,000

Ostozhenka Street, Moscow
$35,000

Wolseley Road, Point Piper, Australia
$28,000

Source: Wealth Bulletin

Monaco, top; Cap Ferrat, France, center; and London are home to some of the world's most expensive streets. London's Kensington Palace Gardens, above, ranks fourth on Wealth Bulletin's list.

Agence France-Presse (2), Associated Press

For now, U.S. stocks may be best bargains

By Tom Lauricella

Problems abroad—from the meltdown in Greece to a Japanese economy that seems stuck in permanent recession—are making U.S. stocks look better and better, at least in the short run.

In recent months the massive rally that lifted the **Dow Jones** Industrial Average 60% off bear-market lows hit one year ago has largely stalled out. The widely watched market indicator has been stuck in a relatively narrow range since November. This week the Dow rose 1.2% and is up 2.5% for the year.

At the same time, the U.S. economy has continued to improve, albeit unevenly. Corporate earnings, a key driver of stock returns, are rebounding faster than expected. And stock prices, when compared to those earnings, are on the cheaper side of historical levels.

Investors, however, have been favoring non-U.S. stocks in big developed economies and emerging markets, such as China. "The U.S. is a pretty popular place to hate in most global portfolios," says Robert Doll, chief equity strategist at **BlackRock**. However, "if economic growth [in the U.S.] is going to be stronger, then earnings growth is going to be stronger and that means the equity market is going to be stronger."

Even as the U.S. climbs out of recession, there's been a drumbeat of negative news abroad, such as the debt crisis in Europe. In emerging markets, where many economies have been growing much faster than developed markets, some slowing of their expansion could lie ahead as central banks raise interest rates to battle inflation. Many of those markets also are trading at pricey levels, making them more vulnerable to selloffs.

For many investors, it's understandably tough to feel good about investing in U.S. stocks. After all, the job market remains bleak, home prices are still down sharply, and there's considerable uncertainty about events in Washington.

But most economists believe the U.S. economy is slowly mending at a pace faster than other major developed economies. "We've done a better job on growth and will continue to do better on growth relative to Western Europe and Japan," says Bruce Kasman, head of economic research for **J.P. Morgan Chase**.

U.S. gross domestic product should rise by 3.4% this year, and 3.1% in 2011, according to J.P. Morgan's estimates. Meanwhile, Japan's economy is expected to grow 2.3% this year and 1.9% next year.

The developed economies in Europe will grow by just 1.6% this year and 2.1% next year. Even Germany, whose economy is often seen as relatively healthy, is forecast by J.P. Morgan to only expand at a 1.7% rate.

Many investors worry about the massive U.S. budget deficit. While it's an issue most analysts believe needs addressing, many countries in Europe, such as France and the U.K., have similar, if not more serious, deficit woes. "It's hard to argue that the U.S. is in the worst shape," says J.P. Morgan's Mr. Kasman.

Perhaps the most compelling argument in favor of U.S. stocks is earnings growth. Thanks, in part, to the same aggressive cost cutting that has crippled the job market, 72% of companies in the Standard & Poor's 500-stock index beat earnings forecasts for the fourth quarter, according to **Thomson Reuters**. That's the third-highest percentage since the firm started tracking that statistic in 1994.

When looking at valuations, U.S. stocks look good compared with many other markets, especially emerging economies. Based on the last 12 months of earnings, the S&P 500 is at a price/earnings ratio of 16.8, below it's long-term average of 18.3, according to data compiled by Barclays Capital. In contrast, stocks in the economically struggling U.K. are trading at a P/E ratio of 16.6, above their long-term average of 16.

China, India, South Korea and Brazil are all trading well above historical average valuations. "In the last few months, we've had less success in finding undervalued stocks in the emerging markets because they're run so strongly," says Gary Motyl, chief investment officer at **Templeton Global Equity Group**. "We like the long-term fundamentals . . . but some of that good news is baked into the stock prices."

It's a tougher call for European stocks, where valuations are generally slightly lower than U.S. stocks. However, Horacio Valeiras, chief investment officer at **Allianz Global Investors**, says analysts are revising earnings estimates higher at a stronger pace in the U.S. than in Europe.

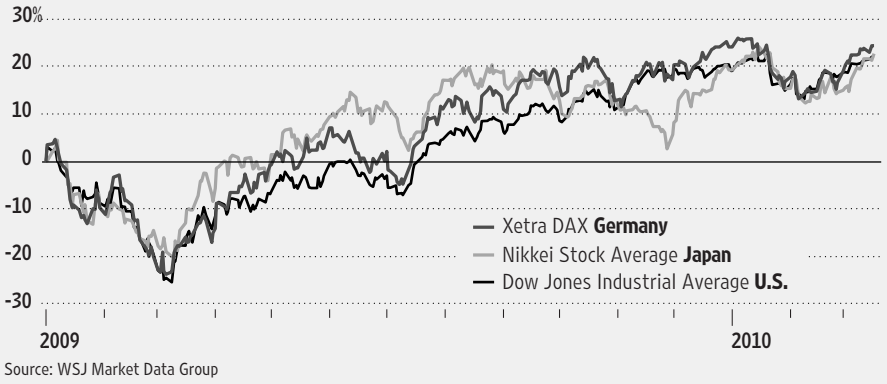
Meanwhile, economic growth is potentially leveling off in Asia. Against that backdrop, "it has led us to move money from outside the U.S. back in," says Mr. Valeiras.

Many analysts say that playing a revival in U.S. stocks should center around higher-quality, large companies, such as those in the S&P 500. That can be accomplished either through an index fund or actively managed portfolio.

Many of the biggest, blue-chip stocks didn't rally as much as others during 2009 and their valuations are more likely to be reasonable. In addition, these companies tend to have substantial non-U.S. businesses, which provides continued exposure to emerging markets and a hedge against economic activity picking up elsewhere.

Three-way race

Some analysts say U.S. stocks could break away from overseas competitors in coming months. Selected stock-market indexes, performance since Jan. 1, 2009



Source: WSJ Market Data Group

THE U.S. ECONOMY

Fed chief defends role

Bernanke seeks to retain agency's oversight of smaller institutions

By Michael R. Crittenden

Federal Reserve Chairman Ben Bernanke was to argue Wednesday in favor of retaining the central bank's oversight of smaller banks.

Mr. Bernanke, in prepared remarks for the House Financial Services Committee, was to take on a piece of the Senate regulatory overhaul bill that would strip the Fed of that authority. He was to say that the Fed's oversight of state-chartered and community banks helps the Fed set monetary policy and lend to commercial banks.

"The insights provided by our role in supervising a range of banks, including community banks, significantly increases our effectiveness in making monetary policy and fostering financial stability," he says.

The comments come after Senate Banking Committee Chairman Christopher Dodd (D., Conn.) introduced a broad regulatory overhaul package Monday that includes provisions to transfer oversight of bank-holding companies with less than $50 billion in assets to the Federal Deposit Insurance Corp. That could represent a loss of several thousand banks from the Fed's jurisdiction.

While the Fed gains new powers in the bill, the reduced authority hasn't sat well with regional Fed bank presidents or the Treasury Department. Treasury officials are expected to push against the provision in favor of letting state-chartered banks be able to continue choosing whether they should be overseen by the Fed or the FDIC. Critics have said such an arrangement allows banks to shop for regulators.

Former Fed Chairman Paul Volcker was to appear alongside Mr. Bernanke to take up the Fed's case. "The Fed's regional roots would be weaker and a useful source of information lost," he says in remarks.

Despite politics, odds grow for a financial overhaul

[Capital]

By David Wessel

Two years after the Federal Reserve's $30 billion rescue of Bear Stearns and 18 months after the market-churning bankruptcy of Lehman Brothers, Congress is lurching toward legislation to renovate the financial-regulatory system to reduce the risk of another devastating crisis.

Finally.

The unveiling of a 1,336-page bill by Sen. Christopher Dodd, the Connecticut Democrat who chairs the Senate Banking Committee, was significant. The move showed he is determined to move a bill through the committee despite his inability to get even a few Republicans to sign on.

The details illustrated that on financial reform, if not on much else, Democrats are closing in on a consensus. On key points, Mr. Dodd is moving toward his House counterpart, Massachusetts Democrat Barney Frank, who shepherded a bill through an unruly committee and the full House three months ago.

The substance demonstrated the influence that Treasury Secretary Timothy Geithner and Fed Chairman Ben Bernanke are exerting. On nearly every big issue, Mr. Dodd is moving closer to their positions.

The Fed isn't sidelined, as Mr. Dodd initially proposed, but gets a central role in supervising big banks and the financial system. A mechanism, albeit clunky, is created so the Fed and Treasury can take over a big failing financial firm instead of choosing between bankruptcy (Lehman) or bailout (**American International Group**). Banks can't shop for the softest regulator. Regulators get *lots* of discretion and authority to restrain financial firms. An agency largely independent of bank regulators is created to regulate consumer finance.

All that lifts the odds that President Barack Obama will mark the third anniversary of the onset of the crisis in August by signing a bill that makes the biggest changes to U.S. financial regulation since the 1930s.

Mr. Dodd plans to push a bill through committee on a party-line vote before Congress breaks for two weeks on March 26, and then try—again—to cut a deal with enough Republicans to get a bill through the full Senate this summer. Without Republican partners, Mr. Dodd had to move left; to get the Republican votes he needs on the Senate floor, he'll have to move right.

Like so much else in Washington these days, though, the fate of financial regulation is linked to the fate of health-care legislation. If that fails and already bitter partisan bickering intensifies, Republicans are more likely to stick to a "just say no" strategy. If a health-care bill passes, financial regulation is more likely to pass, too.

"The politics are different than health care," says Douglas Elliott, a former investment banker now at the Brookings Institution think tank. "The public really wants something to get done, though they don't know what. And they hate bankers. That'll make it harder for Republicans to filibuster."

Bankers realize there are "substantially worse things that could happen than a bill like this," Mr. Elliott adds. Indeed, if financial regulation flops, Congress is likely to impose Mr. Obama's fee on banks later this year. On that bill, they may attach some things bankers hate, leave them with another year of uncertainty over the rules of their game and create an opening for Europe to move on financial regulatory changes before the U.S.

As Morgan Stanley analysts said in an instant analysis of the Dodd draft: "Certainty over these issues should be a positive for bank stocks over time."

Like so much else, the fate of financial regulation is linked to the fate of health-care legislation.

The White House and congressional Democrats see a no-lose proposition: Either they get enough Republicans to pass a bill or they bash Republicans for defending the big bad bankers.

But Republicans are good at the message game. They'll say the Democrats' bill is too easy on banks, too reliant on regulators who failed, too silent on Fannie Mae and Freddie Mac and too close to "perma TARP" (by building a kitty that would avoid the need to go to Congress for something like the unpopular Troubled Asset Relief Program if a big institution stumbled).

A lot depends on whether Sen. Richard Shelby of Alabama, the top Republican on the banking committee, and Sen. Mitch McConnell of Kentucky, the minority leader, decide to deal.

If they do, the question becomes: Will the new rules and regulatory framework prevent another big financial crisis? The short answer is: No. We will have another one. At best, the changes will reduce the frequency, severity and side effects of a crisis.

The longer answer is: It depends. The outlines of a new regulatory regime are beginning to emerge. But business and bank lobbying is intense. Congressional deal-making can produce loopholes, carve outs, inconsistencies and stupidities.

Ultimately, the details—and the Dodd bill is far from the last word on those—will determine if the right balance is struck between markets and regulatory guardrails, between encouraging financial innovation and avoiding excess leverage, between hoping newly empowered regulators do better than their predecessor and writing rules and limits into law.

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ObamaCare's Worst Tax Hike

The forced march to pass ObamaCare continues, and all that matters now is raw politics. But opponents should go down swinging, and that means exposing such policy debacles as President Obama's 11th-hour decision to apply the 2.9% Medicare payroll tax to "unearned income."

That's what savings and investment income are called in Washington, and this destructive tax wasn't in either the House or Senate bills, though it may now become law with almost no scrutiny.

For the first time, the combined employer-worker 2.9% Medicare rate would be extended beyond wages to interest, dividends, capital gains, annuities, royalties and rents for individuals with adjusted gross income above $200,000 and joint filers over $250,000.

That would lift the top capital-gains rate to 22.9% as the regular rate bounces back to 20% from 15% when the Bush tax cuts expire at the end of this year. The top rate for dividends would rise to 42.5% when the Bush income-tax rates expire. The White House plan also raises the ordinary Medicare payroll tax by 0.9 percentage points for the same filers, bringing it to 3.8%.

Preliminary estimates from the Joint Committee on Taxation peg the revenue from these changes at $183.6 billion over 10 years. The Tax Policy Center of the Urban Institute and Brookings Institution estimates that 86% of the revenue from the investment tax would come from people making more than $624,000, or about 1.2 million taxpayers. This has led many liberals to claim that it won't matter to investors or harm the economy.

> For the first time, payroll levies will hit investment income.

Yet these static analyses ignore the incentive effects forecast by the Institute for Research on the Economics of Taxation. Stephen Entin and colleagues estimates that the investment tax would depress GDP by about 1.3% and reduce capital formation by 3.4%, and thus reduce the after-tax incomes of everyone not paying the tax directly in the neighborhood of 1.1% to 1.2%. Labor productivity and wages would fall across the board, while the lost government revenues from the more-sluggish economy would offset the expected receipts.

Senate Democrats rejected Nancy Pelosi's favored 5.4-percentage-point "surcharge" on modified adjusted gross income above $1 million as too radical. But they seem to be fine with its 2.9-percentage-point alter ego, although the Tax Policy Center concludes (on paper) that they'll soak more or less the same people for more or less the same amount.

Earning even a single dollar more than $200,000 in adjusted gross income will slap the 2.9% tax on every dollar of a taxpayer's investment income, creating a huge marginal-rate spike that will most hurt middle-class earners, as opposed to the superrich.

This two-tier tax also fundamentally and probably irrevocably alters the social insurance model that has governed Medicare for more than a half-century. Medicare is supposed to be a universal entitlement with at least some connection between the taxes paid on wages in return for benefits. The investment tax, and the apparatus of ObamaCare financing more generally, severs this link by redirecting Medicare's "dedicated" revenues toward a new entitlement. Even Bill Clinton didn't cross this policy threshold in the health debate of the early 1990s, proposing to fund HillaryCare entirely through new corporate taxes and preserving Medicare as its own discrete program.

The White House has embraced this investment tax because Big Labor opposed its preferred excise tax on high-cost health plans. So the White House decided to delay the excise tax, which meant losing $116.2 billion in revenue over the first 10 years. Voila, out came the 2.9% investment tax.

So for reasons of political expediency, Democrats will now impose a destructive tax that will permanently skew the incentives to work, save and create jobs. Come to think of it, that sums up this entire exercise.

Earmarks in Reverse

There's nothing like a 25% approval rating and the prospect of an electoral rout to focus the Congressional mind. And so it is that three years after vowing to clean up earmarks, House Democrats are embracing some reform—and in the process inspiring some healthy earmark one-upsmanship.

> Do you believe in miracles?

Alarmed by public dismay at their spending, House Democratic leaders last week announced an indefinite ban on budget earmarks to for-profit entities. Not to be outdone, House Republicans surprised even themselves by pledging a total one-year ban. In the Senate, South Carolina's Jim DeMint jumped in with a proposal to require a one-year moratorium for both parties. Senator John McCain—that long-time scourge of pork—is preparing an amendment to ban all earmarks until the federal deficit is eliminated. This is one political rivalry worth applauding.

It's also long overdue. Nancy Pelosi became Speaker in 2006 in part because her party promised to clean up the earmark excesses that had earned the GOP a reputation for corruption and Bridges to Nowhere. Yet aside from a few stabs at transparency, Democrats have practiced business as usual. According to Taxpayers for Common Sense, fiscal 2010 spending bills contained 9,499 earmarks worth $15.9 billion, an increase over fiscal 2009's $15.6 billion.

The reluctance to change is rooted in the Congressional belief that earmarks are the main guarantee of incumbency. Earmarks were relatively rare until the rise of the Tom DeLay Republicans in the late 1990s. By 2005, the high-water mark of the earmark craze, both parties had linked arms to add 13,500 pet projects to spending bills. This cash-for-votes mentality has become a symbol of everything Americans hate about Washington.

So the Democratic turnabout is welcome, if incomplete. The ban on for-profit earmarks will apply to a small portion of pet projects. By the Appropriations Committee's estimate, the for-profit ban would have eliminated about 1,000 earmarks, worth about $1.7 billon, in fiscal 2010.

The ban would miss what Republican Jeff Flake of Arizona has shown to be "shadow" nonprofits that exist to funnel money to private contractors. House Appropriations Chairman David Obey has mandated that federal inspectors spot-audit some earmarks to check for this practice, which might deter or uncover some funny business. The GOP moratorium—which appears to encompass even tax and tariff earmarks—would be better, but give Democrats credit for starting the bidding.

The obstacle now is in the Senate, where Minority Leader Mitch McConnell is lukewarm and Thad Cochran of Mississippi argues that such a ban interferes with Congress's power of the purse and won't save much money in any case. In fact, Congress still determines where nearly all federal money is spent, whether or not Members shovel billions to parochial projects.

As for spending restraint, it's true that ObamaCare's subsidies will swamp even decades of earmark restraint. But you have to start somewhere, and earmarks are often a gateway drug to larger fiscal addictions.

Strengthening Jakarta Ties

President Obama's first trip to Asia last November wasn't exactly a roaring success but his second foray into the region may be a bit easier. One area where valuable progress could be made is the United States' relationship with Indonesia, where Mr. Obama touches down Tuesday.

Indonesia is a key ally for the U.S. in the war on terror—both in the literal sense of hunting down jihadists like the perpetrators of the Bali bombings, and in the symbolic sense, setting an example as a successful moderate Muslim democracy. President Susilo Bambang Yudhoyono is keen on closer ties with the U.S., and the Comprehensive Partnership Agreement he proposed between the two countries will be signed next week. The details haven't been released yet, but the White House said Monday that it would cover political, security and economic issues, including initiatives in areas like education.

That's all well and good, but to really strengthen counter-terrorism cooperation between the U.S. and Indonesia Mr. Obama will also need to embrace an issue that is much less popular with certain Democratic congressmen back home: Restoring ties with Indonesia's special forces unit, Kopassus, which have been suspended since 1997.

Working together to fight terrorism is central to both U.S. and Indonesian interests. Just last week President Yudhoyono announced Indonesian forces had killed one of the masterminds behind the Bali bombings, Dulmatin. But jihadists cells—often with links to al-Qaeda or Abu Sayyaf—continue to spring up on Indonesian soil and Jakarta lives under constant threat of suicide bomb attack.

Although primary responsibility for hunting terrorists rests with the police unit known as Detachment 88, Kopassus has worked together with the police in the past and would likely be involved in any response to a major terrorist attack, making U.S. links with the group crucial. Equally important in the long run, as the largest member of the Association of Southeast Asian Nations, Indonesia plays a vital role in the region's security arrangements. The U.S. must be cognizant that China's Peoples Liberation Army is also wooing the Indonesian military.

There are some signs that progress on U.S.-Kopassus ties is underway—a delegation from the unit visited Washington last week to discuss cooperation. But the biggest hurdle to overcome lies in Congress, where Senator Patrick Leahy has long opposed cooperation with Kopassus because the group's past human-rights violations, including involvement in the 1991 Santa Cruz massacre in East Timor.

Those atrocities are real enough—as video footage of the carnage attests—but to dwell on them too long overlooks the progress Indonesia has made since that era, when the country was still in Suharto's authoritarian grip. The Indonesia of today enjoys legitimate democratic elections—something unknown during the first 50 years of independence—and the role of the military has changed as well, as it slowly untangles itself from politics and business.

Taking this into account, it would a shame to allow the opposition of a few congressmen to scuttle this opportunity to deepen ties with Indonesia. President Obama doesn't have a great track record of standing up to fellow Democrats, but we remain hopeful. If the President's famous childhood in Jakarta is to count for anything, perhaps it will guide his decision here.

OPINION

Tata Drives Into Europe

[Business Asia]

By Michael Dunne

India's Tata Motors announced earlier this month that it plans to sell a fully electric minicar in Europe in 2012, to be called the Nano EV. It is another step in Tata's positioning as a global carmaker, a leap into a new and increasingly competitive market, and a sign that Tata has its sights set on Europe—as if its purchase of Jaguar and Land Rover for $2.3 billion in 2008 weren't enough. What's more, the Nano EV might just succeed.

The Nano EV will be an electric version of the super-cheap, gasoline-powered minicar that went into production in India last year, and the basic marketing concept is the same. The Nano, billed as the world's cheapest car, aims to give low-income consumers a bare-bones, 600-kilogram car for only $2,500. While the EV version won't be that cheap—it's expected to cost nearly $10,000—it will still be significantly more affordable than most electric cars already on the market.

Environmentally conscious Europe seems like a natural fit, since governments have signaled their intent to support electric vehicles. London, for instance, will offer subsidies of 25% of the purchase price up to £5,000 ($7,600) to buyers of electric cars starting in 2011. So while the market remains small—in 2009, fewer than 10,000 fully electric cars were sold world-wide, with roughly one-third of those in Europe, compared to 65 million cars sold globally—there's reason to think it will grow.

One problem with building this market has been price. Recently introduced electric vehicles such as the tiny Mitsubishi MiEV hatchback cost $40,000 or more. Both the Smart ED and the THINK City commuter cars cost well over $20,000. Tata thinks it can make a far cheaper electric car, and it's not the only Indian company smelling this opportunity. Renault is reportedly working in cooperation with Bajaj Auto—a low-cost Indian rival to Tata—to bring a cheap electric car to Europe in the next 36 months.

Despite the fierce competition, Tata enjoys several critical advantages. Electric cars are expensive because batteries are costly—the battery pack on the Nano EV could cost up to $5,000, as much as the entire rest of the car. Yet car makers can't afford to skimp on this: Owners have little appetite for getting stranded at the roadside when their battery runs out. So rather than trying to develop a cheaper, better battery, Tata will instead put existing battery technology into a lighter version of the chassis it has already developed for the regular Nano.

Agence France-Presse/Getty Images

The Nano EV in Geneva, March 3.

By scaling back on bells and whistles—no power window controls here—the Nano EV will come in at less than half the weight of a standard Volkswagen Golf, and at a much lower price than existing electrics. The vehicle will have a range of 160 kilometers (100 miles) on a single charge, the same as electric cars that cost four times as much. While tough European safety standards could add up to $2,500 to the price of the basic Nano, Tata can still deliver one of the cheapest electric vehicles qualified to run on European streets.

Targeting the European market initially instead of America is also smart—the EV's range will be better suited to European commutes, which average 13 miles compared to 18 miles in the U.S. Tata has also laid the groundwork to reassure European consumers about the EV's reliability. In 2009 it acquired a 51% stake in the Norwegian electric-vehicle component maker Miljo Grenland/Innovasjon. Tata is also partnering with Norwegian battery maker Electrovaya to supply lithium-ion polymer batteries.

Meanwhile, the Nano EV's projected low price allows Tata to make its biggest bet of all: that it can sell electric cars to a new kind of consumer. The first European buyers of electric cars have tended to have better-than-average educations and incomes. By contrast, the low-price, no-frills Nano EV will be chasing a younger generation of European first-time buyers. The gamble here is that young people will embrace the opportunity to match their idealism, optimism and environmentalism with their purchasing decisions. Tata is the first to pursue this kind of consumer.

The success, or failure, of the Nano EV may not be immediately apparent. Look for sales to remain in the low thousands during the first few years, as Tata and its Norwegian partners assure production and service quality in Europe. And, as is the case with most cars powered by alternative energy sources today, there will be little or no profit on these cars for many years to come.

But then again, Tata won't need to sell a huge number of cars at first for the Nano EV to be a success in the end. All revolutions begin with a small victory at a pivotal place and time. If Tata can bring a cheap electric vehicle to market on time and start tapping a new customer base, the diminutive Nano EV may prove to pack a historically large punch.

Mr. Dunne is president of Dunne & Company, an investment advisory firm based in Hong Kong.

Big Think in the Boardroom

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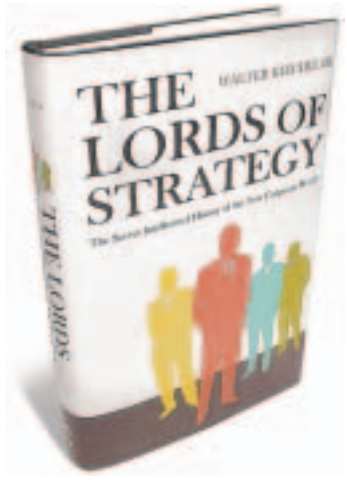

The Lords of Strategy
By Walter Kiechel III
(Harvard Business Press, 347 pages, $26.95)

By Adrian Wooldridge

As a business journalist and former editorial director of the Harvard Business Review, Walter Kiechel has had the unenviable task of spending much of his life hanging around with management theorists. These are the folks who bring out book after book of business advice that readers find unreadable and managers find unmanageable. Yet by some miracle Mr. Kiechel has remained immune to the maladies of the genre. His "The Lords of Strategy" is a clear, deft and cogent portrait of what the author calls the most powerful business idea of the past half-century: the realization that corporate leaders needed to abandon their go-it-alone focus on their company's fortunes and instead pursue policies based on a detailed study of the competitive environment and of broader business trends.

The "strategy revolution" began in the 1960s when the Boston Consulting Group upended the industry. Rather than take the usual tack of just cozying up to individual chief executives for a bit of corporate kibitzing and calling it consulting, BCG produced a series of elegant intellectual models that could be broadly applied across the business world. BCG's model for the "experience curve," for instance, taught companies that they could reduce their costs as they expanded their market share, thanks to the accumulation of know-how. The "growth share matrix" encouraged companies to view themselves not as an undifferentiated whole but as a portfolio of businesses that make different contributions to the bottom line ("cash cows" vs. "dogs," for example). Nowadays that sort of thinking might be unexceptional, but it was a radical development in the stagnant, inward-looking world of 1960s corporate America.

The 1970s and the decades that followed saw the institutionalization of the revolution. One of BCG's main competitors, McKinsey & Co., shook itself out of a complacent torpor and began enthusiastically running out its own management-strategy models. Bill Bain and several other BCG executives left the company in the 1970s and started a rival enterprise, Bain & Co. Meanwhile, Michael Porter brought strategy to the heart of the business establishment, the Harvard Business School. He added a powerful tool to the discipline's arsenal, the notion of the "value chain," which helped managers break down a business into its component parts, from raw materials to finished products, and then subject those parts to the rigors of cost-benefit analysis.

Yet success brought intense scrutiny and self-examination. In 1982, Tom Peters and Robert Waterman—McKinsey stars at the time—argued in the best-selling "In Search of Excellence" that the obsession with strategy was leading managers to ignore the human side of things. The year before, Richard Pascale, another McKinseyian, said in "The Art of Japanese Management" that the Japanese, who were then sweeping all before them, regarded the West's newfound passion for strategy as strange, much "as we might regard their enthusiasm for kabuki or sumo wrestling." And an army of young thinkers began shifting attention to more nuts-and-bolts matters, such as business processes (which could be re-engineered) and "core competencies" (which needed to be cultivated).

Today the status of strategic thinking in the business world is somewhat confused: An idea that owed its appeal to the seemingly hard truths presented by models is becoming ever more nebulous. The lords of strategy are now given to happy talk about "people"—on the grounds that people are the key to innovation and innovation is the key to long-term success. Such concerns can easily degenerate into bromides about the need to treat employees well. Perhaps it is no coincidence that, at least before the current financial crisis wreaked its havoc, young business hotshots were turning their attention to financial engineering. About a third of former McKinsey and BCG consultants currently work in the private-equity business.

"The Lords of Strategy" is at its best describing and explaining the evolution of an influential idea in American business. The book is less successful as the "secret history" it claims to be. Mr. Kiechel has the habit of pulling aside the veil on the darker side of the management business only to pull it back again. He says that management gurus are known to hire ghost-writing outfits such as Wordworks to produce their books—but he refrains from telling us the gritty (perhaps disgraceful) details of the marketing and packaging process. He notes that a worrying number of consulting engagements end in tears—McKinsey had a long-term relationship with Enron, for example—but he skimps on evidence.

Mr. Kiechel makes up for this coyness, though, with his enthusiasm for telling the bigger story at the heart of his book: the intellectualization of business. Back in the days of the "organization man" in the 1950s, business people tended to be affable types—pleasant, easy to get along with, but hardly rocket scientists. Since then an ever greater amount of brain power has been applied to business as more and more graduate students pursue MBAs (150,000 annually in the U.S., up from 3,000 a year in 1948), and the brightest MBAs often go on to become business consultants.

The story that Mr. Kiechel tells does not have a particularly happy ending: The "quants" who would supposedly take business to a new level of intellectual sophistication designed financial tools such as the credit default swap that instead took the world economy to the brink of catastrophe. But Mr. Kiechel is surely right that we cannot begin to understand the world that we live in unless we grasp how corporate intellectuals came to have such a dramatic influence on the business world—and how old-fashioned virtues, such as judgment and common sense, were side-lined in the process.

Mr. Wooldridge is The Economist's management editor and the author of its Schumpeter column.

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OPINION

Inflation Targeting Won't Work in Japan

By Richard Katz

Corbis

Japan's deflation is back and worse than ever. In the October to December quarter the GDP deflator, the broadest measure of price declines, fell by 2.8% from a year ago—nearly twice as bad as any previous decline. Yet like his predecessors, Finance Minister Naoto Kan has put the onus on the Bank of Japan to fix the problem by itself. He talks as if deflation were the root cause of Japan's long economic stagnation, and as if the central bank had a magic wand called "inflation targeting."

Unfortunately, inflation targeting won't work in Japan. The main cause of deflation is not insufficient monetary stimulus but weak demand in the real economy. This is measured by the so-called "output gap," or the gap between actual GDP and what GDP would be at if every work-eligible citizen were employed and all factories and office buildings and other factors of production were in use. Today, the gap is about 7% of GDP. Due to the law of supply and demand, when demand weakens, prices turn soft. Over the past 25 years, there has been a very high correlation between the output gap and price movements, with a slight lag.

A decade ago, some monetarists claimed Japan could cure deflation by "quantitative easing," a process that involves printing tons of money. The BOJ tried it and it failed. In normal times, nominal GDP and the money supply grow in tandem. But deflation has broken that link. Since 1995, the BOJ has hiked the monetary base 115%, but nominal GDP has fallen 8%.

When quantitative easing failed, some proponents then claimed that, if quantitative easing were coupled with "inflation targeting," that would surely work. The BOJ should announce a target, say 2% inflation, and then promise to print enough money and buy enough financial assets until it reached its goal. Targeting has stabilized inflation in countries where it already exists, but there is no evidence it can cure deflation. The theory is as follows: Consumers in Japan expect prices to fall, so they postpone purchases, which, by the law of supply and demand, reinforces deflation. If the BOJ led people to expect inflation, they'd buy more now, creating a self-fulfilling prophecy. Every factual assumption behind this theory is wrong.

Assertion 1: People in Japan expect intractable deflation. On the contrary, a survey begun by the Cabinet Office in 2004 shows that the Japanese people have consistently and wrongly expected inflation to return in the 12 months following every survey.

Assertion 2: People buy less due to deflation. If that were true, the savings rate would have risen. In reality, since 1995 when deflation took hold, the household savings rate has steadily decreased from 13% to 2%.

Assertion 3: The central bank can get people to expect inflation. This assumes ordinary people know about and care about BOJ policy. A 2005 study showed that only half the people even knew about major BOJ actions such as zero overnight interest rates and quantitative easing, and only 10% said it affected their inflation expectations. The biggest influence on expectations for the coming 12 months was what had happened in the preceding 12 months.

Assertion 4: People will buy more if they expect prices to go up. Wrong again. When people expected more inflation, they bought less. During 2004-09, there was a negative 84% correlation between inflation expectations in one quarter and consumption growth two quarters later. The reason is simple. If people expect prices to go up, but they don't expect wages and other income to rise as much, that means a cut in their real (price-adjusted) income. People who expect a cut in real income buy less.

* * *

Policy makers should base their measures on what people actually do, rather than insist that people change their behavior to accord with unfounded theories. Fortunately, there is a solution harmonious with people's behavior: a fiscal-monetary one-two punch.

Japan should use fiscal policy to boost demand by putting money directly into consumers' hands, which will narrow the output gap. For example, in the recent period, Tokyo successfully boosted household purchases of big-ticket items such as cars through its cash-for-clunkers program and appliances via its eco-points program.

Meanwhile, to prevent markets from raising long-term rates in response to bigger deficits, the BOJ should announce that it is both willing and able to keep long-term rates down, by purchasing government bonds if necessary. Ben Bernanke, now chairman of the U.S. Federal Reserve, made a sound proposal along these lines during a May 2003 speech in Tokyo. He pointed out that, because the Finance Ministry would be selling bonds to the central bank rather than the private market, this would not add to the problem of excess government debt. Unfortunately, his advice was spurned at the time—and still is.

Partly due to pressure from the Finance Ministry, the Hatoyama administration has equivocated on funding the boosts in household income on which it campaigned. The ministry would like to believe that the BOJ can solve the problem of deflation and weak demand all by itself. The central bank properly rejects inflation targeting, but unfortunately joins the finance ministry in railing against fiscal stimulus and resists greater purchases of government bonds. That leaves Japan simply waiting for the rest of the world to rescue it via purchases of Japanese exports. That's the passive mindset that has created two decades of stagnation—so far.

Mr. Katz is the editor of the semiweekly Oriental Economist Alert.

Why Negotiate With the Taliban?

By Frederick W. Kagan And Kimberly Kagan

Do America and its allies seek enduring stability in Afghanistan or a temporary resolution of the conflict? The current pressure for an Afghan government-led "reconciliation" process with the Taliban is much more likely to lead to the latter.

While such reconciliation talks may provide a "decent interval" for the withdrawal of international forces, they are unlikely to achieve the long-term strategic objective of denying sanctuary to violent Islamist groups. At worst, this approach could result in renewed civil war. Reconciliation with the Taliban is only one part of a lasting settlement to this conflict, and it must be combined with an effort to redress the grievances of local Pashtun communities.

Yet the international community has already defined the major outlines of a reconciliation plan. It did so in the communique that came out of a major conference in London this past January. First, negotiations must be "Afghan-led." This means that the current Afghan government has the power to make all the key decisions about who to negotiate with and what deals to make. Second, the talks should focus exclusively on the Taliban, rather than on the broader Pashtun community.

The presumed need to negotiate with Taliban senior leadership requires giving Pakistan a major voice in the internal Afghan negotiations. The international community has offered a billion dollars to support this effort, creating a significant new source of patronage for Afghan President Hamid Karzai and his associates.

Any reconciliation must satisfy the most important Afghan constituencies, and this certainly includes the government. But the interests of America and its allies diverge from those of the current Afghan government. President Karzai is primarily interested in consolidating his hold on power. American interests require creating conditions that will prevent the recurrence of insurgency and the consequent re-emergence of terrorist safe-havens. These goals do not necessarily align.

More specifically, the current reconciliation process empowers the Taliban while denying a voice to the much larger population of alienated Pashtuns who do not identify with the Taliban.

Who speaks for disaffected Pashtuns? Mr. Karzai does not. Many Pashtuns see the Karzai government as unjust. Grievances against the government include its corruption and the imposition of sometimes predatory government officials on communities. These grievances fuel passive support for the insurgency and sometimes direct action against the government and the foreign forces supporting it. Such complaints must be identified and redressed as part of any enduring peace process. As of now, the international community is ignoring the issue by empowering the Taliban as the only interlocutor for these Pashtuns.

Worse still, the current process encourages Pakistan to continue to see the Taliban as its principal leverage to achieve its objectives in Afghanistan. The emphasis on negotiating with senior Taliban leaders whom Pakistan funds, equips and protects means that these individuals will continue to be Islamabad's most important strategic assets in the negotiation process. The international community should instead be working to marginalize Taliban senior leaders and persuade Pakistan to abandon its support of these proxies.

There's no reason to alienate moderate Pashtuns.

Giving Mr. Karzai and his associates another billion dollars with which to control this process only increases the grievances of non-Taliban Pashtuns who resent the patronage networks that exclude them. It also encourages every aggrieved Pashtun to identify himself as a Talib in order to get a share of the loot. Finally, it undermines leverage the international community might have had to push Mr. Karzai to renegotiate the power-sharing arrangements that are now driving violence in Afghanistan.

Fortunately, another approach is starting to emerge on the ground in Afghanistan. The new strategy and the surge of forces to support it have begun to turn the tide on the battlefield by moving into enemy strongholds, partnering with Afghan Security Forces, and expanding operations across the country.

The Taliban and its allies, who seemed to have the initiative when Gen. Stanley McChrystal took command in June 2009, are now on the defensive. A few Pashtun tribes, sensing a possible change in the wind, have begun to reach out to coalition forces. In January, for example, elders of the Shinwari Tribe in Southern Nangarhar Province submitted a written declaration to U.S. forces of their determination to fight against the Taliban. Tribes in Lowgar Province and elsewhere in Eastern Afghanistan have made similar approaches.

The Afghan government has shown discomfort with these approaches. Nangarhar Governor Gul Agha Sherzai has opposed what he calls "cash payments" to the tribes. Of course he does: Agreements between local tribes, coalition forces, and even Afghan National Army forces circumvent local power-brokers and undermine their ability to control.

We should not expect an "Anbar Awakening" in Afghanistan that mirrors the tribal rejection of al Qaeda in Iraq in 2007. Conflict resolution in each tribal area and village will be unique. And we must resist the temptation to try to develop a national program to bypass these local initiatives in search of some elusive "grand bargain."

Enduring stability can result only from the redress of local grievances. International forces can and must play a mediating role between local communities and the Afghan government.

Military progress is steadily improving dynamics on the ground. The U.S. and its allies are well-placed to help Mr. Karzai in constructive ways, as long as we abandon the search for a magic bullet and work instead to achieve an enduring peace.

Ms. Kagan is the president of the Institute for the Study of War and the executive producer of the documentary "The Surge: The Whole Story." Mr. Kagan is a resident scholar and director of the Critical Threats Project at the American Enterprise Institute.

Comments? The Journal welcomes readers' responses to all articles and editorials. It is important to include your full name, address and telephone number. Please send letters to the editor to: **Letters@WSJ.com**

FROM PAGE ONE

Bank of Japan renews effort on deflation

Continued from first page
in Japan for much of the past decade because of weak domestic demand.

The BOJ has said that it doesn't tolerate deflation, but that it expects no letup in the price declines for the next couple of years. Core consumer prices in Japan declined for the 11th straight month in January, according to government figures.

After the so-called Lehman shock in 2008, "demand and supply conditions worsened significantly across the globe," BOJ Gov. Masaaki Shirakawa said after Wednesday's meeting. "We should recognize that it will take a long time for prices to return to their appropriate levels."

Pressure on the BOJ to loosen policy more is likely to grow in coming months, especially ahead of July's upper-house elections, when the ruling Democratic Party of Japan will face a tough fight to secure an outright majority. It now controls the chamber, together with two small coalition-partner parties.

The DPJ government's popularity has been sliding recently because of a series of political funding scandals. A recent poll by the Asahi newspaper showed approval for the Prime Minister Yukio Hatoyama's administration in March had fallen to 32%, from a high of above 70% when it started in September.

In such a tough political environment, the DPJ would likely move aggressively to get votes, including prodding the central bank to take more stimulus steps, analysts say.

The BOJ could loosen policy slightly more around June from such pressure, and from possible weaker economic activity as the effects of fiscal stimulus starts to fade.

But the BOJ's policy decisions could be complicated in the months ahead by increased disagreement among board members as to whether further easing now is wise.

Agence France-Presse/Getty Images

Japan's central banker, Gov. Masaaki Shirakawa, on Wednesday in Tokyo answered questions during his annual press conference.

Some of the economic data out of Japan are positive, with the real economy growing at a 3.8% annualized pace in the final quarter of 2009. Mr. Shirakawa said the BOJ's additional monetary easing is "aimed at ensuring improvements in the economy and prices," adding that economy is recovering at a "faster pace than expected."

In other wealthy countries, local central banks are moving toward ending their easy policies. Many analysts expect to see the Fed and European Central Bank to raise rates toward the end of the year.

Both of the Wednesday BOJ dissenters opposed the lending-facility expansion because they felt that further monetary loosening now isn't warranted, according to a person familiar with BOJ thinking.

One of the dissenters, Tadao Noda, said earlier this month that because consumer prices are falling more slowly, "I don't think we have to change our stance on monetary policy for now."

China set to begin trial of Rio Tinto executives

Continued from first page
same day to participate in a development conference in Beijing attended by senior Chinese officials, meaning that the CEO's most visible effort to reaffirm strong relations with China's government since his executives were detained will take place at the same time they are being tried.

Rio Tinto has denied that it or its employees did anything wrong. In a statement, it "reiterate[d] its hope for a transparent and expeditious process for its employees."

The trial is scheduled to last no more than three days; even complex cases in China often conclude in a single day. In China's politicized, opaque legal system, verdicts aren't necessarily considered merely on the merits of a case, lawyers say.

The investigation of Mr. Hu and his colleagues—Ge Minqiang, Liu Caikui and Wang Yong, all part of Rio Tinto's iron-ore sales operation—has so far proceeded in secret. The four have been held out of the public view since being detained, with limited access to lawyers.

Lawyers for some of the accused men said they had few details on the planned procedures, as is often the case in China. Court documents, Rio Tinto's statement and an Australian government spokeswoman suggest at least aspects of the trial dealing with commercial secrets will be closed to the public and to Australian consular representatives.

Australian officials said they expect to be able to attend parts of the trial. The court said the trial will be open, but that doesn't mean the public or media will be granted access.

The court's Web site on Wednesday listed a docket No. 34 naming "Hu Shitai," using Mr. Hu's Chinese name, and the other defendants starting Monday. Spokesmen for the Shanghai court and prosecutor couldn't be reached to comment.

A trial could offer fresh details on a case that has sent shivers through the foreign business community in China. The minerals salesmen were detained in July and formally indicted in February on allegations of soliciting and accepting "huge" bribes from several Chinese steel enterprises—possibly, for instance, to ensure the mills were allocated iron ore.

The indictment also alleges the four used "improper" means to obtain Chinese commercial secrets from steelmakers. It isn't clear what those secrets might be, and the part of the trial dealing with the matter is scheduled to be closed to the public.

State media in China have suggested charges against local steel company executives may also be part of the Rio Tinto case, but that hasn't been confirmed.

Rio Tinto is one of the most profitable foreign companies operating in China. It has also been the subject of controversy. The executives were detained amid broader disputes about the company's pricing practices and about the Anglo-Australian miner's rejection of an attempt by state-owned **Aluminum Corp. of China** Ltd. to pay $19.5 billion to increase its stake in Rio Tinto. The timing of the detentions raised concerns among lawyers and businesspeople that such tensions were a factor, reflecting unusual new tactics by Beijing to flex its muscles in commercial matters.

Beijing has portrayed the matter as a straightforward commercial crime, not a political issue.

Recent signs indicate Rio Tinto is determined to get past any rifts in its China relations. This week, a person familiar with the matter said Rio Tinto and Aluminum Corp. of China are in advanced talks to jointly develop the Simandou iron-ore project in the West African nation of Guinea.

Mr. Albanese, meanwhile, is scheduled to take the stage in Beijing Monday at the China Development Forum. He and other top Rio Tinto executives have attended the conference in the past. The invitation-only event gives heads of multinational companies a rare opportunity to interact face-to-face with top Chinese officials.

According to a draft agenda posted on the forum's Web site, Mr. Albanese is scheduled to speak on "Strengthening Global Cooperation for a Mutually Beneficial Future," in a session to be headed by **Ford Motor** Co. CEO Alan Mulally. Rio Tinto on Wednesday confirmed Mr. Albanese's plans to attend the forum.

Premier Wen Jiabao is expected to meet with at least some of the attending CEOs on Monday, according to a forum spokeswoman. Rio Tinto is listed on the forum"s Web site as one of 17 corporate sponsors of this year's event, which according to the forum requires a contribution of more than $145,000.

The Rio Tinto case has aroused great attention in Australia, especially because it surrounds the detention of an Australian citizen. The Australian government has maintained that it had to let the case proceed according to Chinese law, but has asked that it be handled quickly and transparently. Canberra has also said that it had made "vigorous and active" representations to Beijing.

The case's end could help soothe lingering strain with China, Australia's biggest trading partner, but a harsh verdict for Mr. Hu could fuel further tension.

The Australian government spokeswoman on Wednesday said the part of Monday's court proceeding related to commercial secrets is scheduled to be closed even to consular representatives, in accordance with Chinese law and "at the request of one of the parties."

The spokeswoman said consular officials intend to attend proceedings as permitted by authorities in Shanghai.

Tao Wuping, an attorney for Mr. Liu, said he hasn't received word on what time the proceedings will begin and said he expects a relatively closed trial due to the nature of the charges. Zhai Jian, the attorney for Mr. Ge, said he was notified by the court that the family members of the four defendants would be permitted in the courtroom.

—Ross Kelly, Liu Li, and Bai Lin contributed to this article.

FROM PAGE ONE

Agence France-Presse/Getty Images

The BYD E6 electric car on display in Detroit in January; Beijing aims to increase its share of the Chinese domestic car market above 50% by 2015.

Foreign executives sour on China barriers

Continued from first page

executives from more than 20 multinationals to a meeting this month billed as "a chance to listen and hear issues of concern," said one participant. Mr. Chen pledged China would "resolutely continue" to open its markets, but he also criticized protectionism in the West.

On Sunday, Premier Wen Jiabao vowed China will "unswervingly implement its opening-up policy." He conceded that his "contacts with foreign investors haven't been close enough," and pledged to increase interaction.

Many foreign executives say they see an upsurge in economic nationalism, accelerated by China's world-beating performance during the recession and a new disdain for Western economic management.

"The economic crisis and downturn emboldened those who had been pushing back" against efforts to liberalize markets, says Duncan Clark, chairman of **BDA**, a Beijing-based consulting company.

Signs of nationalism are evident in the grooming of state-owned companies to dominate their industries as "national champions," often at the expense of private Chinese companies as well as foreign firms. From airlines to coal mining to dairy products, government policies are expanding the state's role.

A year ago, in a move foreign critics called protectionist, Chinese regulators rejected a bid by **Coca-Cola** Co. for **China Huiyuan Juice Group** Ltd., saying it could crowd out smaller companies and raise consumer prices. The two combined held just a fifth of China's juice market.

In July, four executives of Anglo-Australian mining giant **Rio Tinto** were detained, initially accused of stealing "state secrets," amid tense negotiations between global miners and China's steel industry over iron-ore prices. Rio Tinto denies wrongdoing by the men. On Wednesday, Rio Tinto and the Australian government said the men will go on trial on Monday on reduced charges of bribery and theft of commercial secrets.

Google Inc.'s woes highlight the angst. The search company, long troubled by Chinese censorship rules, threatened Jan. 12 to depart China after it said a Chinese hacking attack penetrated its computer network. Related attacks hit dozens of other multinationals. Google is expected soon to close its Chinese site, Google.cn., leaving local companies dominating an Internet market of 400 million users.

"The Google issue has had a crystallizing effect," says Lester Ross, managing partner in Beijing for U.S. law firm Wilmer Cutler Pickering Hale and Dorr. "It raised the consciousness of government and of the boardrooms and other stakeholders" about the difficulties of doing business in China, he says.

Foreign investors have long complained of China's haphazard legal system and regulation. These were mere annoyances when China was an emerging market. Today, the huge Chinese market is fundamental to the health of large Western multinationals. Lose here, say Western executives, and multinationals are weakened globally.

The new patent rules providing for what is called compulsory licensing aren't unique to China. But China's pharmaceuticals industry is dominated by state-owned firms, and Western lawyers worry the rules will favor them. One provision requires companies to pay Chinese employees at least 2% of profit derived from their inventions in China unless the employees explicitly waive that right.

The law "imposes significant new requirements on multinationals operating in China," says Mr. Mendel, the attorney. "You no longer have absolute control over what comes out of your R&D facility."

Executives interviewed for this article declined to comment publicly. In December, a group of 34 business organizations from North America, Europe and Asia sent a letter to three Chinese government ministers blasting the indigenous-innovation preferences for procurement as "discriminatory" against foreigners.

Beijing denies the rules are discriminatory, yet governments are taking note. "Recent events...have reminded us of the continued challenges faced by foreign and U.S. companies operating in China," U.S. Commerce Secretary Gary Locke said in a January speech. "China needs to continue making strides to be more transparent, predictable and committed to the rule of law."

Some are more upbeat. A U.S.-China Business Council poll of members last year showed 93% were "optimistic" or "somewhat optimistic" about their future in China over five years. Robert Poole, head of the council in China, says it "is really concerned about some of these policies," but "the broad themes of continued openness and reform continue to be there."

Some sectors haven't been much hindered. Car makers such as **Volkswagen** AG and **General Motors** Co. benefited hugely from China's booming market last year. But state-run media have reported government plans to increase domestic brands' share to over 50% of passenger vehicles by 2015, from 44% last year.

For many multinationals in China, today's profits follow years of investment, much of it encouraged by government policies designed to lure capital. Now, at the point when their dream of access to a giant market is becoming reality, China is so prosperous that it has less need for foreign funds. Foreign investment has grown much slower than the rest of China's economy, amounting to 1.8% of gross domestic product in 2009, down from a peak of 6% in 1994.

Beijing has long harbored suspicions the West wants to hobble its economic rise. Analysts say lately, such insecurities have strengthened the hand of leaders who want to limit foreign presence in the economy. There are backers of openness, says Mr. Ross of WilmerHale, but "there are louder voices pushing China to be more protectionist and to be more nationalist."

—Loretta Chao contributed to this article.

'There are louder voices pushing China to be more protectionist and to be more nationalist.'

— Lester Ross, managing partner in Beijing for WilmerHale law firm

'There's a risk that the whole Rio Tinto imbroglio affects inbound and outbound investment.'

— Christopher Stephens, managing partner for Asia at Orrick, Herrington & Sutcliffe LLP, on China's arrest of four employees of an Anglo-Australian mining company

'Recent events, specifically the well-publicized Google incident, have reminded us of the continued challenges faced by foreign and U.S. companies operating in China.'

— U.S. Commerce Secretary Gary Locke in a January speech to the U.S.-China Business Council

ZumaPress

TECHNOLOGY

Gap widens between tech richest, the rest

Companies with cash seize opportunities, take risks that others can't afford; using reserves to develop the iPad

By Ben Worthen

A handful of cash-rich companies are consolidating power in the technology industry, using their wealth to expand into new businesses and making it harder for small and midsize competitors to break through.

Why the industry is evolving this way is rooted in balance sheets. Over the past two years, **Apple** Inc., **Oracle** Corp., **Google** Inc., **Microsoft** Corp. and six other large tech companies have generated $68.5 billion in new cash, compared with just $13.5 billion for the other 65 tech companies in the S&P 500 Index combined, according to a Wall Street Journal analysis of data provided by Capital IQ.

The rich few are funding investments at a time when many others have retrenched. Over the past year, Oracle paid $7.4 billion to get into the hardware business by acquiring Sun Microsystems, and **Dell** Inc. bought Perot Systems to add technology services. **Cisco Systems** Inc. spent more than $7 billion to acquire six companies.

Frank Calderoni, Cisco's chief financial officer, says the company's balance sheet "is a major competitive advantage for us."

Google, meanwhile, has tapped its savings to fund moves into computer operating systems and mobile phones, while also making at least eight acquisitions since October. Microsoft has financed its money-losing quest to take on Google in search with its cash. And Apple has used its reserves to develop the iPad and take aim at Google recently by acquiring a mobile-advertising company.

Because of their massive cash accumulation, these companies can afford to take risks that smaller companies can't at a time when the economy remains fragile. The result is a bifurcated tech landscape, says Erik Brynjolfsson, a professor at the Massachusetts Institute of Technology's Sloan School of Management.

"Cash has become king to an even greater extent than in the past because of the credit crunch," he says. "A company with a lot of cash is in a disproportionately strong position now than it would be in normal times."

The repercussions from the cash discrepancy are being felt throughout the industry. Some midsize tech companies are giving up trying to compete with their larger rivals.

"I'm not going to fight" being a midtier company, says Enrique Salem, chief executive of security-software maker **Symantec** Corp., which has annual revenue of $6.1 billion and cash reserves of $2.6 billion. "It's a losing proposition for me to try to catch up with Oracle," which had $20.8 billion in cash at the end of November.

Others are gearing up to make their own acquisitions so as not to be left behind. For example, online-software maker **Salesforce.com** Inc. nearly doubled its cash reserves in January by taking on $575 million in debt that it says it will use in part for future expansion and acquisitions. Other midsize tech companies, such as **Ciena** Corp., have recently scooped up smaller rivals to bulk up.

The concentration of cash taking place in tech isn't happening in other sectors.

From the end of 2007 to the end of 2009, the 10 richest tech companies increased their cash levels by 48% to $210 billion. The other 65 tech companies listed in the S&P 500 upped their cash only 13% in the same period, to $118 billion.

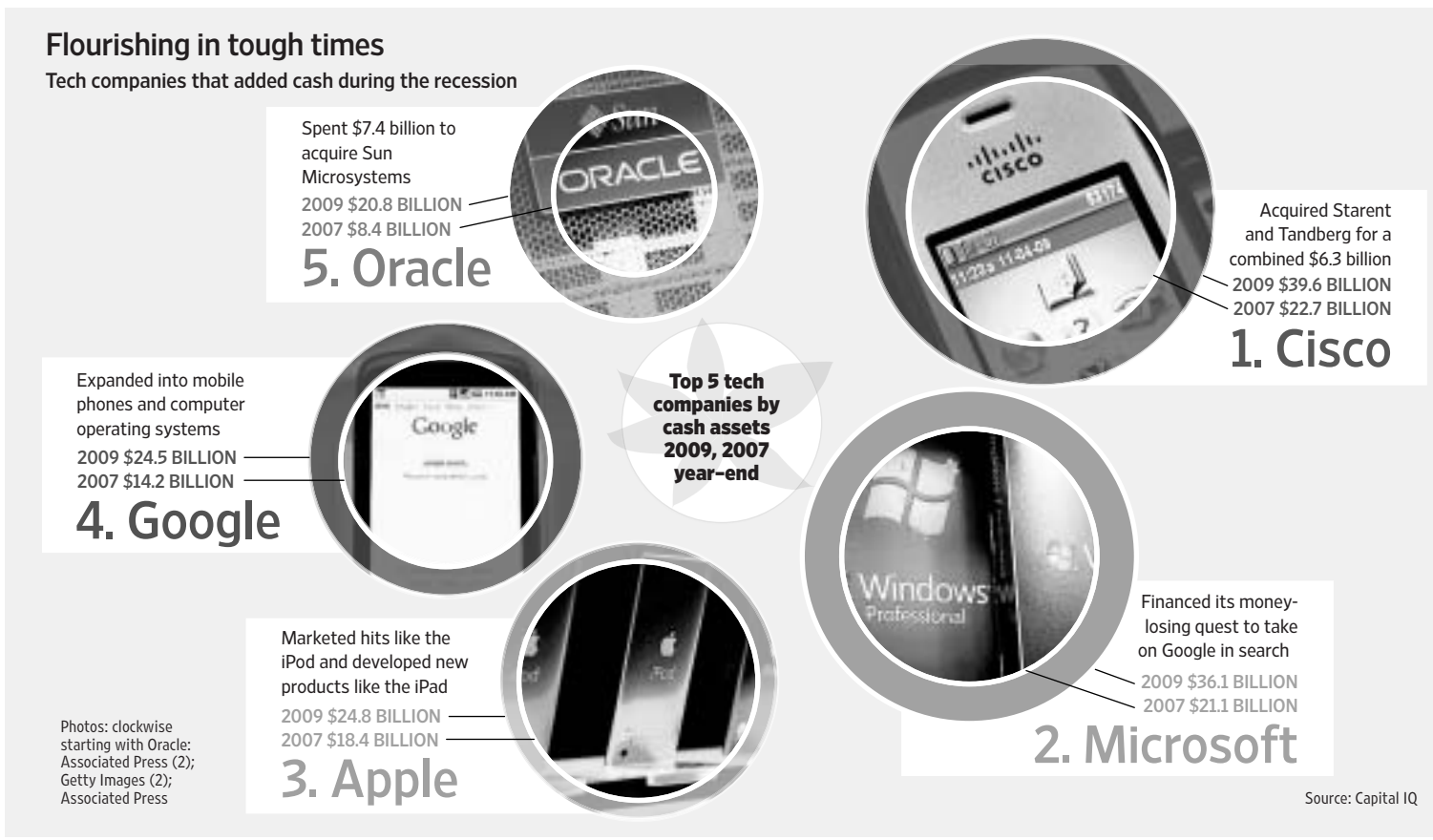
The upshot: The gap between the two groups stood at a record. The gap would be even larger, except an accounting change caused Apple to designate about $10 billion of its holdings as long-term investments.

The imbalance is changing how businesses behave. Both Cisco, which has more than $40 billion of cash reserves, and smaller rival **Juniper Networks** Inc., with about $2.2 billion in cash, entered partnership talks last June with wireless technology maker Starent Networks Corp. In August, Cisco told Starent it wanted to acquire the company outright.

Whereas a few years ago the two rivals might have been drawn into competitive bidding, this time Starent's board "concluded that the risk of Cisco terminating its discussions with Starent outweighed the likely benefits" of soliciting a bid from another company, according to a regulatory filing. In October, Starent accepted Cisco's $2.9 billion offer.

Juniper CEO Kevin Johnson says being at a disadvantage in acquisitions is par for the course. "For midsize companies, it's always difficult to break through with M&A because large companies will always outbid them," he says, adding he plans to grow Juniper organically.

Some smaller tech companies that have tried to make big acquisitions have been stymied. Storage company **NetApp** Inc. in May said it would acquire software-maker Data Domain for $1.5 billion. Twelve days later, larger rival **EMC** Corp. offered $1.8 billion. After a bidding war, EMC, whose $6.7 billion war chest was more than twice NetApp's, made a $2.2 billion offer that couldn't match.


Flourishing in tough times
Tech companies that added cash during the recession
Spent $7.4 billion to acquire Sun Microsystems
2009 $20.8 BILLION
2007 $8.4 BILLION
5. Oracle
Acquired Starent and Tandberg for a combined $6.3 billion
2009 $39.6 BILLION
2007 $22.7 BILLION
1. Cisco
Top 5 tech companies by cash assets 2009, 2007 year-end
Expanded into mobile phones and computer operating systems
2009 $24.5 BILLION
2007 $14.2 BILLION
4. Google
Financed its money-losing quest to take on Google in search
2009 $36.1 BILLION
2007 $21.1 BILLION
2. Microsoft
Marketed hits like the iPod and developed new products like the iPad
2009 $24.8 BILLION
2007 $18.4 BILLION
3. Apple
Photos: clockwise starting with Oracle: Associated Press (2); Getty Images (2); Associated Press
Source: Capital IQ

In quest for new features, chips add third dimension

By Don Clark

A perennial race to squeeze more features on flat pieces of silicon is taking a step into the third dimension.

Two Silicon Valley start-ups are breaking from conventional designs—which lay out components on chips in two-dimensional patterns—to develop products that are configured by customers after they are manufactured. Such programmable chips are a popular choice for some devices, such as computer-networking gear, but are considered too expensive for many high-volume applications.

Tier Logic Inc. and **Tabula** Inc. disclosed plans earlier this month to address that problem. They say their technologies add functions to chips without expanding their surface area, which tends to add materials and processing steps that increase manufacturing costs.

Tier Logic, a closely held company in Santa Clara, Calif., says it plans to layer transistors and other components in a novel way. "They are stacked in multiple stories," said Paul Hollingworth, the company's vice president of sales and marketing.

Gary Parker Photography

Tabula's chief executive, Dennis Segers, pictured next to images of the San Jose, Calif., start-up company's innovative chip designs.

The chips' basic functions are handled by a foundation layer of circuitry, created using standard production processes, the company says. On top of that, a special extra layer of memory circuitry stores programming instructions that customers choose for specific applications. Such memory cells, as they are called, tend to add to the size of two-dimensional programmable chips.

Tier Logic builds its cells using what the industry calls thin-film transistors, a technology that is more often used in computer displays than chips. Metal circuitry can be substituted for the memory layer, converting a programmable chip into a chip that is customized for specific applications.

Tabula, of nearby San Jose, Calif., views time as a third dimension. Instead of creating a new physical structure, the company says, it has devised a way to break up designs into eight sections called folds that are successively loaded into its chips, executed and replaced.

Dennis Segers, Tabula's chief executive officer, says the reconfiguration happens so quickly that it appears like all eight sections are working simultaneously. "It looks to the world like it is an eight-layer array," he said.

The idea of breaking from two-dimensional designs isn't new. Researchers at companies such as **Intel** Corp. and **Advanced Micro Devices** Inc., for example, have developed prototype three-dimensional transistors as candidates to eventually be used in chips.

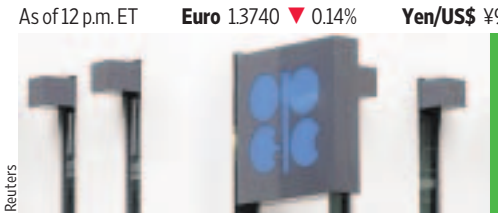
A Silicon Valley start-up called Matrix Semiconductor Inc., purchased in 2005 by **SanDisk** Corp. for about $250 million, developed a three-dimensional technology for memory chips. But SanDisk says commercial products using the 3-D technology remain two or three years from the market.

There are plenty of reasons to ride existing technology. Companies keep finding ways to shrink transistors, boosting capabilities of chips while lowering the cost of each function they deliver.

The two big makers of programmable chips, **Altera** Corp. and **Xilinx** Inc., benefit from the miniaturization.

While more advanced production processes make it more costly and complicated to design custom chips from scratch, reconfigurable chips become economical for more applications, executives of the two companies argue.

As of 12 p.m. ET **Euro** 1.3740 ▼ 0.14% **Yen/US$** ¥90.42 ▼ 0.03% **Yen/A$** ¥83.40 ▲ 0.81% **Oil** 82.18 ▲ 0.59% **Gold** 1125.30 ▲ 0.28% **10-year Treasury** ▲ 1/32 yield 3.651% **3-month Libor** 0.26638


Reuters

OPEC puts its full confidence in well-oiled emerging markets
MARKETS 24

Time for Fed to tune out the siren song of inflation
HEARD ON THE STREET 32

BUSINESS & FINANCE.

Thursday, March 18, 2010 THE WALL STREET JOURNAL. asia.WSJ.com

Pony Ma, chairman of Tencent Holdings

Evolution of Tencent

1998: Tencent is founded.

1999: Instant-messaging service QQ is launched.

2003: QQ Game portal is launched.

2004: Tencent lists on the Hong Kong Stock Exchange.

2005: Company starts social-networking service Qzone and self-developed massive multiplayer online game.

2006: Consumer-to-consumer platform Paipai.com and online-payment solution Tenpay are opened.

2009: Tencent discontinues using Google's search engine and begins testing its own.

Sources: the company; WSJ reporting; European Pressphoto Agency (photo)

Google exit likely to benefit Tencent

By Loretta Chao

BEIJING—Stock investors are betting that Chinese Internet-search company **Baidu** Inc. will benefit from the expected closure of **Google** Inc.'s Chinese Web site. But another, larger, Chinese Internet company may also stand to benefit if Google goes: **Tencent Holdings** Ltd.

Tencent may be the biggest Internet company most people outside China have never heard of. It boasts hundreds of millions of users for its instant-messaging service, which it has leveraged to build other fast-growing businesses.

It has a market capitalization of more than $38 billion, bigger than **Yahoo** Inc. and almost twice the size of Baidu—even after Baidu's shares have risen nearly 50% since Google's Jan. 12 announcement that it might close its China site, Google.cn.

And Tencent is developing its own search engine that could enable it to take advantage if Google closes Google.cn, as expected, within weeks.

On Wednesday, Tencent said its fourth-quarter net profit rose 74% from a year earlier to 1.51 billion yuan ($221.2 million), boosted by strong growth in its online-games and social-networking services. Revenue rose 76% to 3.69 billion yuan. For the year, Tencent had revenue of about $1.8 billion.

Co-founded in 1998 by Chief Executive Ma Huateng, who sometimes goes by the English name Pony, Tencent is best known for its flagship product, the instant-messaging program QQ.

Analysts estimate that more than 70% of China's roughly 400 million Internet users—the largest such population in the world—use instant messaging and that about 80% of those people use QQ. Tencent says it had 523 million active QQ user accounts at the end of last year, but that includes people who have multiple accounts.

Tencent previously used Google for search services on its site, but it dropped Google's technology last year and began to develop its own search engine, called Soso (which sounds like "search search" in Chinese).

Soso was ranked fourth in China's Internet-search market in the fourth quarter of 2009, with less than 1% of total industry revenue, behind Baidu, Google, and **Sohu.com** Inc.'s SoGou service but ahead of **Microsoft** Corp.'s Bing search engine.

Google said Jan. 12 it planned to stop obeying Chinese-government requirements to censor the results on Google.cn, a move that will almost certainly require the site to close. Google cited concerns over tightening limits on expression and a series of cyber attacks from China against foreign companies.

Tencent may not be poised to pounce quickly on Google.cn's departure. The Chinese company has acknowledged that its search technology isn't ready to compete with established search engines like Baidu.

The relevance and ranking of search results are enhanced by high volumes of user traffic, so it can take time to improve.

A Tencent spokeswoman didn't

Please turn to page 21

Nomura opens its gates

Bhattal is first foreigner named to top decision-making committee

By Alison Tudor

TOKYO—**Nomura Holdings** Inc. has admitted a foreigner into its top decision-making body in a bid to globalize the culture of the Japanese firm. The move also aims to retain former Lehman Brothers bankers brought on board after the U.S. firm collapsed in 2008.

Japan's largest investment bank by revenue said it has restored former Lehman Brothers executive Jasjit "Jesse" Bhattal to a position of power and made him the first foreigner to take a seat on Nomura's 10-person executive-management board in charge of strategy and the group's budget.

Mr. Bhattal, who was born and raised in India, will become chief operating officer of a new global wholesale division overseeing a matrix of regional and product operations as of April 1. The appointment,

Jasjit Bhattal's elevation also aims to retain former Lehman bankers.

announced Wednesday, comes less than a year after Mr. Bhattal announced his intention to leave Nomura. He had been scheduled to depart at the end of this month.

Mr. Bhattal, who has long advocated an overhaul of the division, will continue to be based in Hong Kong and will report to Takumi Shibata, Nomura's deputy president and chief operating officer.

Since Nomura bought the overseas operations of the failed Wall Street firm in 2008, a lack of representation within Nomura's inner sanctum has frustrated many of the former Lehman bankers and slowed the integration of the two banking cultures, people familiar with the matter have said.

Nomura's move comes at a time when Japanese business practices are under fire for concentrating management decisions in Tokyo among all-Japanese, all-male managers. Corporate-governance observers criticized Toyota Motor Corp. for the absence of any foreigners on its board, which might have helped it handle a global recall

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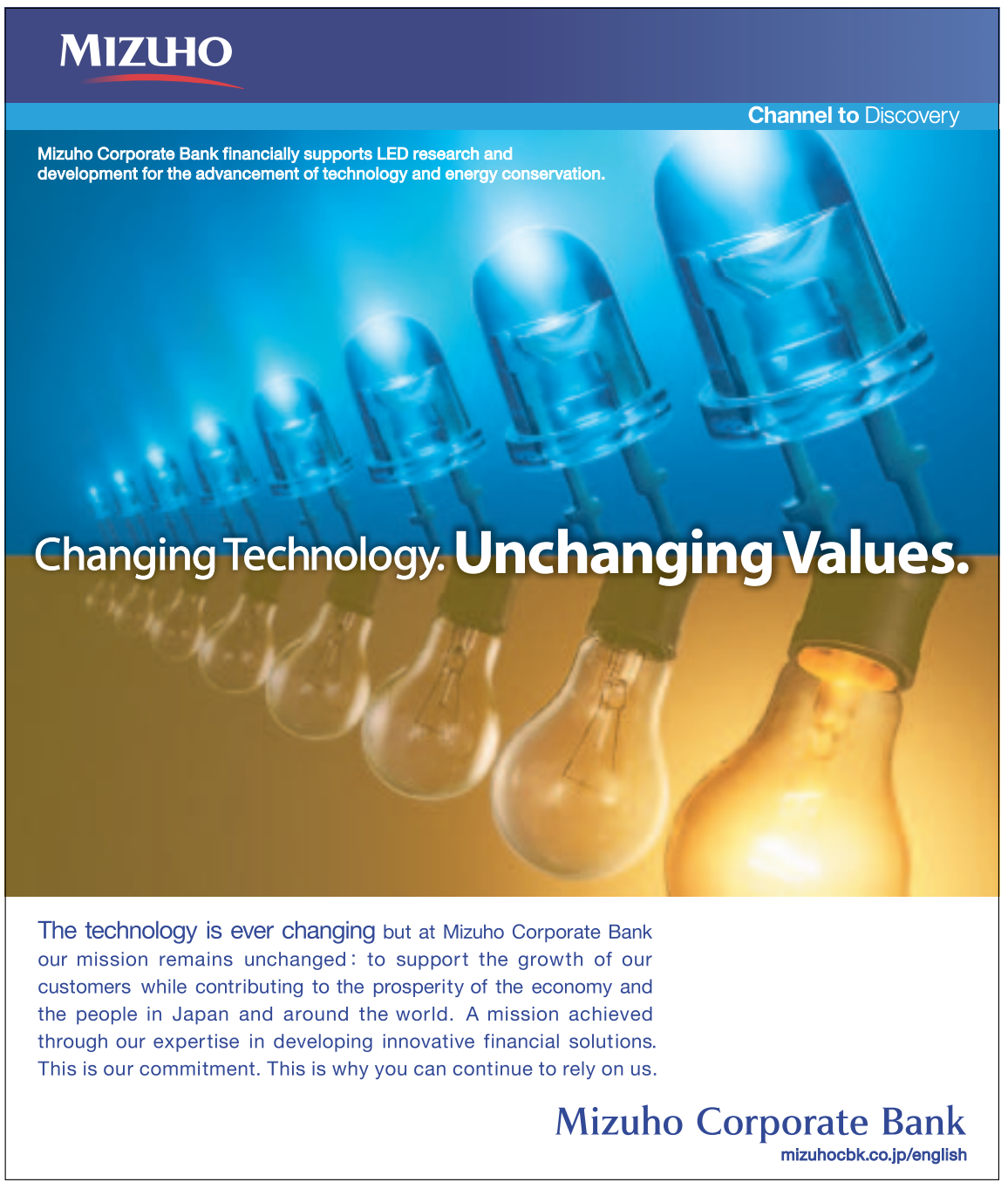
MIZUHO
Channel to Discovery
Mizuho Corporate Bank financially supports LED research and development for the advancement of technology and energy conservation.
Changing Technology. Unchanging Values.
The technology is ever changing but at Mizuho Corporate Bank our mission remains unchanged: to support the growth of our customers while contributing to the prosperity of the economy and the people in Japan and around the world. A mission achieved through our expertise in developing innovative financial solutions. This is our commitment. This is why you can continue to rely on us.
Mizuho Corporate Bank
mizuhocbk.co.jp/english

BUSINESS & FINANCE

PayPal expands in China with UnionPay

Online payment system agreement means Chinese shoppers can buy from millions of foreign merchants on eBay

By Loretta Chao

BEIJING—**EBay** Inc.'s PayPal said it will partner with **China UnionPay** Co., China's largest electronic-payment service provider, to let Chinese consumers shop from overseas merchants, a move that opens a massive segment of the Chinese market for PayPal and presents new competition for eBay's Chinese rival **Alibaba Group**.

PayPal also said it will double its work force in Asia to 2,000 by the end of the year.

A large portion of PayPal's current business in China consists of transactions by China-based eBay merchants. The new partnership expands that business to China's quickly growing consumer market, just as online shopping is taking off in China.

Beginning in the third quarter, China UnionPay cardholders within China will be able to link their bankcard accounts with PayPal and access a network of nearly eight million online merchants world-wide, including U.S. retailers like **Wal-Mart Stores** Inc. and Zappos.com, a unit of **Amazon.com** Inc.

As a result merchants around the world who accept PayPal payments and are willing to serve and ship to Chinese customers will be able to tap a base of millions of Chinese cardholders, most of whom don't have, for example, a Visa card, though Visa Inc.-branded cards are also available in China.

Zappos.com will be one of nearly eight million merchants world-wide that China UnionPay cardholders in China can access.

Alan Tien, PayPal's general manager in China, estimates there will be 150 million middle-class and affluent consumers and more than 300 million online shoppers in China by 2013. Though China is known as an exporter, "Chinese users will be a huge buying force," he said in an interview.

PayPal says its partnership with China UnionPay will help users bypass a foreign-exchange regulation that places limits on cross-border transactions, essentially providing an online platform for China UnionPay, which it said "is already approved to conduct transactions by the relevant regulatory bodies in China."

China UnionPay, which operates a bankcard payment network, has relationships with hundreds of financial institutions in 90 countries and has issued 2.1 billion cards in ten countries. But its partnership with PayPal leverages its core Chinese user base and PayPal's merchant network to compete with e-commerce empire Alibaba Group, which has the leading market share by far in both online payment and online retail in China. **Yahoo** Inc. owns a 39% stake in Alibaba Group.

Currently, the largest destination for online shopping in China is Alibaba's Taobao.com, where most of the transactions are yuan-denominated sales between Chinese sellers and buyers.

The site reported that 200 billion yuan ($29 billion) of transactions were done on its site last year. Taobao gained popularity and market share among users by offering its services free.

According to research firm Analysys International, the Web site had 87% of the consumer-to-consumer e-commerce market in China in the fourth quarter of 2009.

Transactions on Taobao are handled by Alibaba Group's own online payment platform, AliPay, which JLM Pacific Epoch analyst Fiona Zhou estimates occupies 90% of China's e-commerce payment market—far more than PayPal's own Chinese payment platform, BeiBao, which is a wholly owned subsidiary of the company.

AliPay announced this week it has 300 million registered users and a daily transaction volume of over 1.2 billion yuan, and like Taobao, it doesn't charge a commission for those transactions. It does, however, charge users a bank-processing fee. (PayPal charges a commission, but it says rates vary from country to country.)

Investors offer to buy Malaysian pay-TV operator

By Elffie Chew

KUALA LUMPUR, Malaysia—In a bid to make **Astro All Asia Networks** PLC a larger regional media firm, tycoon T. Ananda Krishnan and partners have offered to buy out minority shareholders in a cash deal that values the Malaysian pay-TV operator at 8.5 billion ringgit ($2.57 billion).

In a statement late Wednesday, Astro All Asia Networks said unlisted Astro Holdings Sdn. Bhd.—owned by Mr. Krishnan, Malaysian state investment arm **Khazanah Nasional** Bhd. and an ethnic-Malay foundation—has offered to buy out remaining shareholders owning 27.1% of the company at 4.30 ringgit a share. The offer price is 21% above Astro's price of 3.56 ringgit before a trading halt Monday. Mr. Krishnan and his partners, directly and indirectly, own 72.9% of Astro All Asia Networks.

"The offer by Astro Holdings will push Astro All Asia Networks beyond its home market and will make it easier for the firm to raise debt, plow cash flow back without needing to seek approval from minority shareholders," the company said.

Nazir Razak, chief executive of adviser CIMB, said Astro All Asia Networks will need to invest three billion to 3.5 billion ringgit over the next three years for upgrades to its domestic and international infrastructure such as a migration to high-definition TV. "This will put a strain on the company's gearing and limit its ability to pay dividends," he said. "Astro Holdings is offering the minority shareholders the opportunity to exit at an attractive premium while not subjecting them to the risks of the company's next growth phase," he added.

Mr. Nazir said Astro Holdings may need to cough up as much as 2.5 billion ringgit to buy up the remaining stake in Astro All Asia Networks and this will be largely funded via bank borrowings.

The transaction, which is conditional on Astro Holdings gaining a minimum of 90% of the shares of Astro All Asia Networks, will be the largest such transaction on the Malaysian market so far this year.

Mr. Nazir said Astro Holdings doesn't intend to retain the listing status of Astro All Asia Networks. However, the company said in a statement that "a relisting will be considered when Astro All Asia Networks achieves a more stable earnings profile."

Mr. Nazir said he is confident the undertaking will succeed, as the offer is "fair," with analysts' targets averaging 3.70 ringgit for the stock.

Mr. Krishnan, whose fortune is estimated at eight billion ringgit ($2.4 billion), making him Malaysia's second-richest man, also owns controlling stakes in several Malaysian listed companies, such as **Maxis** Bhd., **Tanjong** PLC and **Measat Global** Bhd. Astro owns 20% of India's Sun Direct TV, a direct-to-home service, which has been reporting strong subscriber growth but is still unprofitable.

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Panel cites MGM

New Jersey regulator says casino erred in teaming with Pansy Ho

By Alexandra Berzon And A.D. Pruitt

ATLANTIC CITY, N.J.—In a previously confidential report released Wednesday, New Jersey state regulators said they found that **MGM Mirage** erred by partnering with a company for its Macau casino that it knew had links to people connected with organized crime.

"From the beginning of its efforts to enter Macau, MGM pursued partnerships with persons that it knew were associated with those aspects of gaming in Macau most heavily penetrated by organized crime," New Jersey's Division of Gaming Enforcement wrote to the state's Casino Control Commission.

MGM Mirage disclosed the report's existence nearly a year ago, but it had been kept confidential until a hearing Wednesday before the casino commission.

The commission had planned to hold hearings on the findings and whether or not to revoke the state gambling license of Las Vegas-based MGM Mirage, which owns a 50% stake in the Borgata Hotel Casino & Spa here. But MGM Mirage worked out a settlement with the enforcement division to place its Borgata stake in a trust, in preparation for a sale. The division is part of the state attorney general's office.

At the hearing, the commission approved that settlement, which allowed it to release the report, some of which was redacted.

The report says that the enforcement division found sufficient evidence to determine that Macau casino heiress Pansy Ho, who is MGM Mirage's joint-venture partner in the Chinese gambling enclave, could be susceptible to influence by "unsuitable persons" because of the tight business relationship she shares with her father, Stanley Ho. Mr. Ho, who once had a casino monopoly in Macau, has long been suspected of ties to organized crime.

Bloomberg News

Pansy Ho

Mr. Ho has never faced charges of any kind and has disputed allegations about his ties to organized crime.

Ms. Ho has said she is independent of her father, despite their business relationship. Ms. Ho's representatives couldn't be immediately reached for comment.

MGM Mirage Chief Executive Jim Murren said in a statement Wednesday that New Jersey didn't submit evidence that Ms. Ho "has engaged in any wrongdoing or been accused of any illegal activity." Mr. Murren also defended the company's partnership with Ms. Ho and said other jurisdictions where the company operates hadn't found it a problem.

"MGM Mirage structured its business relationship with Pansy Ho to ensure the highest standards of operation and compliance with all applicable gaming laws and to protect against any improper influence," Mr. Murren said. "We have had a very positive working relationship with Pansy Ho and have a spotless operating record at MGM Grand Macau, which opened more than two years ago. We are the only operator in Macau with a fully independent compliance committee."

After a two-year review, Nevada regulators cleared MGM Mirage's Macau partnership. Regulators there determined the relationship posed no threat to MGM or to the state of Nevada, particularly because they found Mr. Ho wasn't directly involved in the venture.

New Jersey regulators, however, found the potential for negative influence from Mr. Ho. "In addition to his substantial although indirect funding of Pansy Ho's joint-venture equity contributions, Stanley Ho was present at every major event leading to the opening of the joint venture, including the signing of the joint venture agreement with his personal residence, the groundbreaking and the grand opening," regulators wrote. "In most if not all instances he was present at the invitation of MGM."

Josh Lichtblau, assistant attorney general and director of New Jersey's Division of Gaming Enforcement, said he couldn't comment on how New Jersey's findings compared with Nevada's.

Under the terms of the settlement with the state approved Wednesday, MGM Mirage has 18 months to sell its stake in the Borgata and related property. If the sale isn't completed by then, the trustee would have 12 months to sell the stake. Any sale would have to be approved by the commission.

—Jonathan Cheng contributed to this article.

Inditex profit rises 18% as clothing sales climb

By Christopher Bjork

MADRID—**Inditex** SA, the world's largest fashion retailer and owner of the fast-growing Zara chain, posted a rise in fourth-quarter profit and said this year's sales were off to a strong start, as consumption made a comeback after last year's economic downturn.

The clothing giant, based in La Coruna, Spain, also plans to launch its Zara online store in the U.S. next year, seeking to widen its clientele beyond the big cities where it currently operates, Chief Executive Pablo Isla said Wednesday.

Still, some analysts said Inditex, which last year soared past Gap Inc. to become the top-selling fashion retailer, isn't expanding as fast as it could.

Inditex said Wednesday net profit for the fiscal fourth quarter, ended Jan. 31, rose 18% to €483 million ($665.5 million) from €410 million a year earlier. Sales rose 8.9% to €3.33 billion.

Gap, based in San Francisco, last month reported a 4% rise in fourth-quarter sales to $4.24 billion. Inditex now has 4,600 stores in 74 countries.

Mr. Isla said Inditex expects to increase its global footprint by between 8% and 10% a year through 2012, and to be present in more than 80 countries by that date.

He said Inditex would "cherry pick" good locations for stores. Growth will be geared toward Asia and Europe, while the company will be selective on expansion in the Americas, he said.

Inditex two years ago opened more than 500 stores in a year, but it slowed expansion during last year's sharp economic slump, and opened 343 stores last year. A top priority this year is its entry into India in association with the Tata Group, where it will open its first stores in May, Mr. Isla said. It will also roll out its online Zara stores this year in six European countries.

Meanwhile, a Zara application for **Apple** Inc.'s iPhone has been downloaded by more prospective clients in the U.S. than in any other market, Mr. Isla said. He said more than a million iPhone users have downloaded the app since it was released in December.

"It's a market where Internet sales are very important," Mr. Isla said. The app allows shoppers to check out what is new in the Zara collection, and to find a shop.

The Spain-based fashion retailer said growth will be geared toward Asia and Europe.

Inditex entered the U.S. in 1994, and has expanded slowly, focusing store openings in large cities such as New York, Miami and Los Angeles. It currently has 48 stores in the U.S. Mr. Isla said Inditex plans to grow "selectively" there in the coming three years.

Analysts welcomed Inditex's results. Société Générale retail analyst Anne Critchlow said the strong current trading figures show just how much Inditex is benefiting from a flexible business model that allows it to respond to recovering consumer demand.

"Other retailers have been 'caught out' by this, with solid margins but lower like-for-like sales than they might have achieved," Ms. Critchlow said.

Inditex said it would give a bonus dividend to shareholders of 10 European cents a share, paying a total dividend of €1.20 per share on 2009 earnings, up 14% from 2008.

Tencent poised to benefit from Google exit

Continued from page 19

respond to requests for comment Wednesday.

Still, Tencent is beefing up investment in new products. Mr. Ma, in discussing Tencent's latest results Wednesday, said the company "will continue to increase investments in research and development, technology and branding in the coming years but will incur significant costs and may even have to forgo certain revenues."

He didn't specify Soso, but Tencent executives in the past have described the search project as a key initiative.

If it invests enough, "Tencent could be a strong competitor to Baidu," given Tencent's "massive user-base and solid brand," says Fang Li, an analyst for research firm Analysys International.

Baidu hasn't commented on Google's possible departure, but the company has said it will continue to focus on its "core strengths in Chinese search technology."

Tencent has a strong track record in launching new products. With its logo—a winking cartoon penguin wearing a red scarf—QQ is especially popular among Chinese youth. Tencent has capitalized on the service's ubiquity by adding other offerings, many of which have proven lucrative.

Users pay real money to buy QQ coins, Tencent's virtual currency, which they exchange for things like virtual flowers they can send through QQ, or cellphone ringtones or virtual weapons for online games.

QQ coins became so popular that people began exchanging them for real-world goods, prompting the government last year to ban such transactions.

Tencent has acknowledged that its search technology isn't ready to compete with established search engines like Baidu.

Tencent also has leveraged QQ to develop a range of online games, an online music service, social networking and e-commerce. Games contributed 40% of Tencent's revenue last quarter. In addition to the sale of virtual items, it earns revenue from advertising and subscription fees.

QQ enables to Tencent to use "the power of the buddy list," says Duncan Clark, chairman of consulting firm BDA China. "They have a captive audience, right there."

Mao Lan, who works at a securities company in Beijing, says she uses QQ on-and-off for more than ten hours a day, at work and at home, for instant messaging, online video conferences, file transfers, picture editing, and games.

Ms. Mao sometimes uses Tencent's Soso but says Baidu is still a better search engine. "But I will definitely [use Soso] more in the future," she says.

Tencent has outdone some major competition in the past. State-owned **China Mobile** Ltd., the world's biggest mobile carrier by number of subscribers, launched its own instant-messaging service, called Fetion, in 2006. It was widely seen as a move to compete with QQ, which is also used on mobile phones.

But Fetion had just 6% of China's registered instant-messaging users as of last quarter, according to Analysys.

Tencent's consumer-to-consumer online-trading platform ranked second in China last quarter, with a 10% share of total transactions, behind the Taobao.com service owned by **Alibaba Group**, another fast-growing Chinese Internet company.

—Sue Feng, Gao Sen and Lorraine Luk contributed to this article.

Garuda Indonesia

AUCTION ANNOUNCEMENT

PT. Garuda Indonesia (Persero) will re-auction four (4) Boeing B737-400 aircrafts as follows:

1. MSN No. 25713, registered under PK-GWK
2. MSN No. 25715, registered under PK-GWM
3. MSN No. 25717, registered under PK-GWO
4. MSN No. 25718, registered under PK-GWP.

(Each shall be referred to as the "**Sale Aircraft**" and collectively shall be referred to as the "**Sale Aircrafts**")

The re-auction of the Sale Aircrafts will be conducted separately for each of the Sale Aircraft on the same day through Kantor Pelayanan Kekayaan Negara dan Lelang (KPKNL) Jakarta V.

The sale documents of the Sale Aircrafts, which contain the terms and conditions of the sale and specifications of the Sale Aircrafts can be obtained at a price of US$ 1,000 (One thousand United States Dollars) from March 15th–April 6th 2010 at the contact address provided below.

The formal announcement of the re-auction, as required by law, will be published on April 8th 2010.

A survey of each of the Sale Aircraft and related documents/records will be conducted by appointment on:

Date : March 15th–April 7th 2010
Time : 9 AM-5 PM
Location : Management Support Building, 1st floor Garuda City Center
Soekarno-Hatta International Airport, Cengkareng, Indonesia.

For further information, please contact:

PT. Garuda Indonesia (Persero)
Garuda City Center, 2nd Floor, Soekarno-Hatta International Airport
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Contact Person : Wahyu Mujarudin and Heldyora Limbong.

CORPORATE NEWS

Hong Kong sales lift New World

Developer expects 'healthy' growth in Asia

By Joyce Li

HONG KONG—**New World Development** Co. said Wednesday its first-half underlying profit jumped 83% due in part to stronger contributions from home sales in Hong Kong and China's surging property markets.

The developer expects both those markets to grow "healthily" this year, buoyed by the continued improvement of the Hong Kong and Chinese economies, Managing Director Henry Cheng said in a statement.

New World's underlying profit in the six months ended Dec. 31 was 1.86 billion Hong Kong dollars (US$239.7 million), up from HK$1.02 billion a year earlier. Including a revaluation gain on investment properties and other exceptional items, the company's first-half net profit was HK$5.35 billion, against a net loss of HK$992.2 million.

Analysts generally use underlying profit rather than net profit to gauge the performance of Hong Kong property companies because their earnings tend to be distorted by regular revaluations of investment properties.

Revenue rose 0.4% to HK$12.12 billion from HK$12.07 billion.

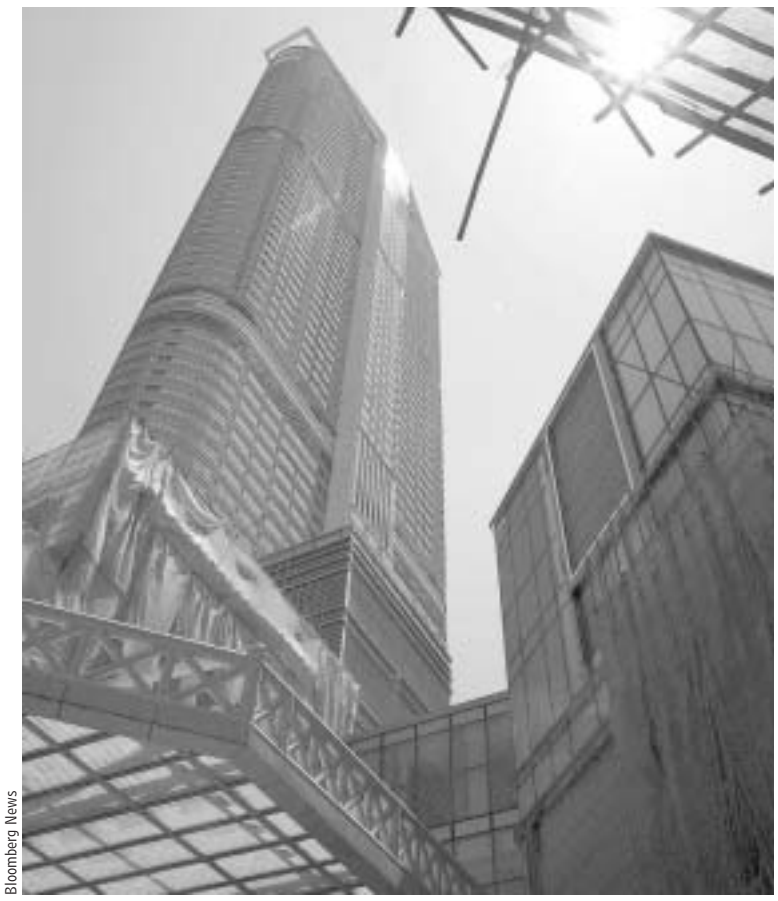
Property development contributed HK$236.4 million, up from HK$110.5 million, helped by the sales of units at its Harbour Place and Wylie Court projects. Property investments, such as offices and shopping malls, fell to HK$515.2 million from HK$517.8 million.

Low interest rates and limited supply pushed Hong Kong's average home prices up 29% last year, while in China, real-estate stimulus measures introduced in late 2008 sparked a boom in home buying that pushed home prices up 24% last year. However, the governments of both Hong Kong and China have expressed concerns about the affordability of homes and have taken steps to try to cool the markets.

Mr. Cheng said he expects China's government to introduce further cooling measures, though major shifts are unlikely.

New World will have five projects with more than 1,333 units for sale in Hong Kong in 2010 and 2011.

The company said it is in talks with the government to convert five million square feet of land for residential development. New World owns more than 20 million square feet of agricultural land that can be converted to developable land with the government's agreement and on payment of a negotiated premium.



Bloomberg News

'The Masterpiece,' a project being developed by New World Development

Like its competitors in Hong Kong, New World has been working to build up its land bank in the land-scarce city by participating in public auctions and bidding for development projects offered by the Urban Renewal Authority and rail operator **MTR** Corp.

Last month, New World and **Wheelock Properties** Ltd. won the tender to develop a residential project above Austin Station, a site near the waterfront in Hong Kong.

Including the Austin project, New World Development has a land bank with gross floor area of 6.7 million square feet, it said.

New World's mainland property unit, New World China Land Ltd., has projects in cities including Shanghai, Tianjin and Guangzhou.

Shangri-La says net rose; further gains are expected

By Kate O'Keeffe

HONG KONG—Luxury-hotel operator **Shangri-La Asia** Ltd. said Wednesday its 2009 net profit rose 54%, lifted by higher property prices, though its core hotels business suffered from weaker demand amid the global financial crisis.

The economic crisis hit the hospitality sector as businesses restricted employee travel and tourist numbers declined. The industry has lagged other sectors in its recovery outlook, even as demand has improved since the end of 2008.

The Hong Kong-listed company, which is controlled by Malaysian businessman Robert Kuok Hocknien, said though it expects improvements in its business this year and next, it doesn't expect to return to precrisis levels until 2012.

"We've been fairly encouraged by the last 10 to 12 weeks," said Shangri-La Chief Financial Officer Madhu Rao at a news conference, adding there has been a return in business travelers. He also said he expects the second half of this year to be better than the first.

Shangri-La, which owned stakes in 49 hotels at the end of last year, said its net profit for 2009 totaled US$255.5 million, up from US$165.9 million a year earlier. Revenue fell 9% to US$1.23 billion.

The strength in Shangri-La's earnings mainly stemmed from a US$327.1 million noncash property-revaluation gain, up from US$13 million in 2008 amid higher property rates. The company has stakes in a number of investment properties such as shopping malls, mainly in the Asian-Pacific region.

Stripping out the accounting gain, Shangri-La's operating profit for the year fell 69% to US$51.3 million from US$163.2 million, dragged down by the poor performance of its core hotel operations.

Total revenue for room rentals fell 15% to US$570.2 million, with average revenue per available room—a key metric of the hotelier's performance—falling 24%.

RevPAR for the company's hotels in mainland China, Shangri-La's biggest single market, fell 27% to US$66, while RevPAR for its hotels in Hong Kong fell 24% to US$157.

Shangri-La said it saw opportunities in China as the nation's economy expands. The company added that outside of projects it has committed to do in Beijing and Shanghai, most of its development focus will be in provincial cities.

Credit Suisse said last week that Shangri-La Asia's footprint in tier-two and tier-three cities in China is likely to help it generate superior returns over the next three to five years, noting hotel-room-oversupply concerns persist in tier-one cities such as Beijing and Shanghai.

The brokerage firm said Shangri-La Asia would likely have stronger earnings-growth momentum compared with regional peers **Hong Kong & Shanghai Hotels** Ltd. and **Mandarin Oriental International** Ltd., amid expectations that Shangri-La's hotel portfolio will increase 26% over the next three years in terms of rooms.

Hong Kong & Shanghai Hotels last week reported a 61% drop in underlying profit to HK$315 million from HK$807 million in 2008.

Telstra revamp plan is thrown into doubt

By Rachel Pannett

CANBERRA—Support for an Australian government plan to possibly split the country's biggest telecommunications company, **Telstra** Corp., into separate retail and wholesale network divisions is in doubt, imperiling Canberra's plan to roll out a high-speed Internet network.

The minority Greens Party on Wednesday reserved the option to oppose the government's telecommunications reforms if the government doesn't unveil an implementation study for its proposed 43 billion Australian-dollar (US$40 billion) fiber network.

The government missed a deadline to release the study by McKinsey & Co. and KPMG in the upper house Senate this week. Greens Senator Scott Ludlam said the government is effectively asking the Senate to sign a "blank check" on the new network. "On an infrastructure project of this scale, that is just not appropriate," Mr. Ludlam said.

Australia's center-left Labor government won a majority in the lower house of representatives in a 2007 election. But it needs the Senate support of either the main conservative Liberal-National opposition, or all seven minor party Senators—including five from the Greens party—to pass any new laws.

Construction on the national broadband network is set to start in the second half of the year, but its viability depends on reaching an agreement with Telstra to prevent the company from acting as a major competitor to the project. The government wants to pass laws that could force Telstra to split into separate businesses, potentially bar it from acquiring any new mobile spectrum, and force it to sell its half-share of Australia's dominant pay-television operator Foxtel if it doesn't cooperate.

Associated Press

Telstra technicians repaired cables last September in Sydney.

Telstra has said that if passed, the bill will destroy shareholder value, and has estimated that splitting its businesses could cost it A$1 billion and take five years to complete. It has also said that the bill could make it harder for it to reach any deal with **NBN** Co., the government-controlled company set up to run the new wholesale-only network. "We've said all along that we support the government's vision for the National Broadband Network but if this bill is passed it will only make it harder for the government to achieve that vision," a Telstra spokesman said Wednesday.

The conservatives have set up a Senate filibuster delaying passage of the bills, which were pulled by the government Monday to advance other less-controversial legislation, and the proposals may be reintroduced Thursday.

The conservatives oppose the plan, and Family First Senator Steve Fielding is undecided. The Greens and independent Nick Xenophon previously gave the telecommunications reforms their in-principle support.

But Mr. Ludlam on Wednesday accused the government of "burning the goodwill" of minor party senators in failing to release the implementation study, adding that the Greens' support "can no longer be taken for granted."

"The Telstra legislation was cleared for debate last November before the implementation study was finalized. In good faith, we gave the government the go-ahead to debate the legislation, on the understanding that the implementation study would be tabled and that information would be put into the public domain," Mr. Ludlam said.

The party still plans to vote on the Telstra legislation on its own merits, although he said he doubts it will come to a vote this week. But the implementation study is "a very, very important piece of information on the national broadband network which obviously has quite major consequences for the Telstra legislation," Mr. Ludlam said.

"I will wait and see whether the government makes a statement that they do intend to table the implementation study, but until then we will have to consider all of our options, including voting against the legislation," he said.

Communications Minister Stephen Conroy said Wednesday the government received the study only on March 5 and is taking time to review it and brief the cabinet "before decisions are made about next steps."

"It is sensible, responsible and appropriate for governments to take some time to consider reports," Mr. Conroy said in emailed comments.

Mr. Ludlam, the Greens' communications spokesman, said the Senate is being put in a position where it simply has to trust Mr. Conroy: "and around here at the moment, trust is in very short supply."

The government is locked in protracted talks with Telstra over its possible cooperation on the network. Analysts say the biggest issue is determining a price if the company agrees to sell its existing network assets to NBN.

CORPORATE NEWS

San Miguel makes push to raise $1 billion

Philippine food-and-beverage group plans asset sales to finance diversification into power and mining industries

By Cris Larano

MANILA—**San Miguel** Corp. said it plans to raise $1 billion from the sale of assets, in an effort to fuel its diversification into the more-profitable infrastructure sector.

San Miguel, which is already the Philippines' largest food-and-beverage conglomerate, has been seeking avenues for stronger growth and initially tried to expand its food and business interests in the Asian-Pacific region. But after that attempt was unsuccessful, the group decided in 2007 to sell the food and beverage companies it acquired abroad to fund its latest diversification into heavy industries.

Ramon Ang, San Miguel Corp.'s president, said in a text message that the company is looking to sell stakes in its packaging and food units to generate additional funds to finance a push into power, mining and other infrastructure projects.

Mr. Ang, however, ruled out further divestment in the company's flagship, San Miguel Brewery Inc.

Bloomberg News

San Miguel's divestment plans don't include the conglomerate's brewery.

"No beer," said Mr. Ang, when asked if the divestment will include the beer operations.

The company this week confirmed a comment by San Miguel Chairman Eduardo Cojuangco, reported in the local Business Mirror newspaper, that the group is open to selling stakes in San Miguel Brewery and Manila Electric Co. When asked about the two units, Mr. Cojuangco was quoted as saying: "At the right price, anybody can buy anything."

San Miguel, however, has clarified that it hasn't received any offer or proposal for the sale of its stake in San Miguel Brewery or its 27% stake in Manila Electric, also known as Meralco.

Japan's **Kirin Holdings** Co., San Miguel's partner in the beer maker, has expressed interest in increasing its stake from the 48% it owns in San Miguel Brewery, while a group led by Hong Kong-listed **First Pacific** Co. is keen on raising its stake in Meralco.

Ron Rodrigo, research head of DBP-Daiwa Securities, said it isn't likely San Miguel will give up control of the brewery, which has operations elsewhere in Asia, including China. The brewery is San Miguel's "bread and butter," Mr. Rodrigo said. "If there is already a clear growth path in the new industries the company has diversified into, then maybe," he added.

Aside from Meralco, San Miguel's effort to find growth investments has led it to gain control of oil refiner **Petron** Corp., a coal mine in the southern Philippines, a toll-road project and several power plants that could generate about 2,000 megawatts. The company has also been offered stakes in other infrastructure projects, including toll roads and airports.

Astro del Castillo, managing director of First Grade Holdings, said that while San Miguel could easily tap banks to secure financing for its investment plans, an asset sale "is too tempting to pass up, especially if there is an offer on the table."

San Miguel has received offers for stakes in a food unit, San Miguel Pure Foods Corp., and a liquor-manufacturing subsidiary, Ginebra San Miguel Inc. The company has also planned an initial public offering of stock for its packaging unit.

Messrs. Cojuangco and Ang have relied on asset sales to repay debt and finance overseas expansion in the past.

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MARKETS

Developers in Hong Kong score win

New measure forces holdout apartment owners to sell to companies that have bought 80% of a building's units

By Jonathan Cheng

HONG KONG—Property developers won a victory Wednesday after Hong Kong lawmakers approved a measure that will put prime real estate in play for redevelopment.

The new rule, which comes as skyrocketing property prices raise fears of an asset bubble, will force holdout owners to sell apartments to a developer that buys at least 80% of a building's units. The rule change applies to about 4,000 buildings that were built at least 50 years ago, many clustered in bustling commercial areas.

Opposition lawmakers voted against the measure, arguing Hong Kong's property market is already tilted in favor of the city's powerful developers.

The old law allowed developers to trigger a compulsory auction when it had acquired 90% of a building's units, leading to heated battles as developers sought to wrest control of flats from owners who refused to sell.

Lowering that threshold makes it easier for real-estate companies to take possession of old buildings and demolish them for redevelopment. Under the new law, for instance, a developer owns 14 units in a 16-unit residential building can force the two holdouts to sell through the auction.

European Pressphoto Agency

A new measure passed Wednesday is expected to help Hong Kong developers redevelop old apartment complexes.

Developers have complained of holdouts who refuse initial buyout offers in hopes of extracting a higher price.

Jeffrey Lam, a pro-government lawmaker, said the rule change would boost revitalization work in aging downtown areas. "Many of these places are literally falling apart, but the way the current law is constructed, with ownership scattered in so many different hands, necessary redevelopment work just drags on and on," Mr. Lam said Wednesday.

Opponents warned the rule change could push up buoyant property prices further by replacing lower-rent buildings with luxury high-rises in already overcrowded districts. They said the system doesn't do enough to protect owners with genuine reasons for staying.

"This is not putting people first, it's putting profits first, it's putting repossession first," said Kam Nai-wai, a Democratic Party legislator who opposed the amendment.

Concern for heritage preservation has held back government-led redevelopment efforts, as activists tap into a groundswell of anger over historic buildings facing the wrecking ball. After a series of hunger strikes and public showdowns in recent years, officials have pledged to make preservation a priority.

On Tuesday, the government backed down from plans to redevelop a high-profile street that conservationists had rallied behind.

At the same time, officials have been keen to push private-sector-led development of Hong Kong's urban areas. Steven Ho, executive director of listed luxury-residential developer **Kerry Properties** Ltd., welcomed the lowering of the threshold Wednesday but said its effects would only likely be seen "down the road."

According to the Hong Kong branch of the Royal Institution of Chartered Surveyors, Hong Kong's 90% threshold for a compulsory auction was higher than the two-thirds threshold in cities like Shanghai, Tokyo and Seoul.

Property prices in Hong Kong surged nearly 30% last year.

Korea Life debut casts doubts

By Se Young Lee

SEOUL—**Korea Life Insurance** Co. shares rose nearly 8% in their debut Wednesday in Seoul, though analysts said the relatively low pricing for the stock, the first of three Korean life insurers to go public this year, left prospects for the sector uncertain.

Korea Life, South Korea's second-largest insurer by premiums, raised 1.78 trillion won ($1.57 billion) in an initial public offering this month by selling about 217.1 million shares. It was the country's second-largest offering after Lotte Shopping Co.'s $3.74 billion IPO in January 2006.

But in a sign that market appetite remains limited for major offerings, the insurer was forced to cut its offer price from its initial indicative price range of 9,000 won to 11,000 won, amid a lack of interest from foreign investors.

The stock rose almost 8% on its first day of trading, but the insurer earlier had to lower its offer price.

Korea Life is just the second life insurer to be listed since 2007, when the government eased restrictions on listings for the sector. The stock's performance in coming weeks will be closely watched by rivals **Samsung Life Insurance**, the largest life insurer in the country, and **Mirae Asset Life Insurance** Co., both of which are set to enter the market.

Reuters

Korea Life's stock will be watched by other insurers due to enter the market

Samsung Life plans to list sometime in May, according to the Korea Exchange, in what is expected to be the largest IPO ever for South Korea. Mirae Asset plans to raise between $400 million and $600 million in an IPO in the first half of 2010, according to people familiar with the situation.

The listings of Samsung Life and Korea Life are expected to signal the emergence of the life-insurance sector as a major player in the Korean stock market: Samsung's market capitalization could be as large as 20 trillion won, while Korea Life's market capitalization is about 7.7 trillion won.

Korea Life closed at 8,850 won, up from its IPO price of 8,200 won.

Despite the shares' rise on their first day of trading, analysts said Korea Life's low IPO pricing may cap further gains for the stock and may limit expectations for Samsung Life's offering.

"There seems to be limited scope for upside [for Korea Life shares] as 9,000 won looks the appropriate price in the near term, based on appraisal value," Shinhan Investment Corp. analyst Sung Yong-hoon said.

Korea Life's IPO came at a challenging time because offerings by life insurers in neighboring countries likely weakened interest from offshore investors. Japan's **Dai-Ichi Mutual Life Insurance** Co. is gearing up for an IPO that could value the company at as much as $17.16 billion.

Still, Solomon Investment & Securities Co. analyst Song In-Chan said Korea Life's prospects for the year are positive, noting improving liability costs for the major Korean life insurers as well as the lack of one-off restructuring costs that Korea Life booked in 2009.

"Whether the Korean life-insurance sector can continue growing in the future remains to be seen, but their results should continue improving in the near term," the analyst said.

OPEC shows confidence in the price of crude oil

By Summer Said And Spencer Swartz

VIENNA—The Organization of Petroleum Exporting Countries agreed to keep its oil production steady, saying it won't meet again for seven months, underlining the group's confidence that crude prices will remain buoyant.

OPEC has calculated that emerging-market consumers will absorb its members' oil output, which has risen in recent months, without torpedoing their goal of a healthy crude price. Oil prices have gained about 15% since the group's last meeting in December to trade at around $82 a barrel Wednesday, slightly above the $70 to $80 range many OPEC members prefer.

But OPEC oil ministers also complained that members weren't complying with their output quotas. Recent OPEC statistics show compliance now stands at about 53%—from 55.9% in January and 80% in March last year—of the 4.2 million barrels a day in previously agreed output cuts. That means OPEC is technically producing around two million barrels a day above its formal production ceiling of 24.845 million barrels a day for its 11 quota-bound members. OPEC's 12th member, Iraq, isn't bound by the group's production agreements as it rebuilds its oil industry.

"It's a problem. We'd like to see it in the 60s, at 65[%]," Kuwaiti oil minister Sheikh Ahmad Abdullah al-Sabah said Wednesday. The formal agreements remain in effect to maintain oil traders' confidence that OPEC members haven't totally abandoned those pacts.

Oil ministers don't plan to meet again until Oct. 14, again in Vienna, OPEC Secretary General Abdalla Salem el-Badri said.

OPEC's decision to leave its output quotas unchanged will help to underpin oil prices as the summer driving season nears, an oil broker said.

"I think everyone knew there would be no surprises," said the broker, who asked not to be named. "I believe it keeps the market buoyant with gasoline season on us soon, and above all these are good prices" for OPEC.

Saudi Arabia Oil Minister Ali Naimi had said just ahead of the group's meeting that there was "no question" that OPEC would agree to leave its oil production quotas unchanged, adding that the kingdom will provide more oil to customers if there is "genuine" demand.

"They're going to have to make some tough decisions this year," said Jason Schenker, president and chief economist of Austin, Texas-based Prestige Economics. "They're trying to carefully weigh the reality of growth with the prospect of growth."

OPEC, whose crude oil production satisfies about 40% of the world's daily oil consumption, has kept its formal production target unchanged since December 2008. The group agreed to a series of output cuts in late 2008, after oil prices slumped from a $147-a-barrel peak and global demand dropped with the onset of economic recession.

—Nour Malas and Lananh Nguyen contributed to this article.

U.K. snaps whip in finance arena

Regulator to add staff, boost prosecutions

By David Enrich

The U.K. Financial Services Authority intensified its assault on the banking industry, with its chief executive announcing plans to rev up bank supervision and its chairman calling for tougher restrictions on financial institutions, including hedge funds.

The FSA on Wednesday published its annual business plan for the forthcoming year, featuring a beefed-up budget for fighting financial crime and a goal of hiring several hundred employees to police U.K. banking and finance companies.

Hector Sants, the FSA's outgoing chief executive officer, said the regulatory agency's bank examiners are aiming for a "more confrontational" approach with the companies they oversee. The number of examiners permanently stationed at each of the U.K.'s major banks will swell to as high as 15, up from a previous maximum of six, he said. Even after the increase, however, the number of examiners would be modest compared with the dozens of inspectors at the largest U.S. banks.

"If society wants a more proactive approach, it must accept that it will have a larger and more expensive regulator," Mr. Sants said as he called for the agency's budget to grow by 9.9% over last year, to £454.7 million ($693.8 million). The bigger budget will be financed partly by requiring the largest financial institutions to pay larger fees to the agency, he said.

The bulk of the budget increase will fund what Mr. Sants described as a crackdown on financial crimes such as insider trading. He said the agency expects to file criminal charges in a growing number of cases in the next year and also plans to seek hefty penalties against firms and individuals accused of wrongdoing.

The FSA's tough stance comes as the agency faces an uncertain future. The Conservative Party has criticized the FSA for not doing more to prevent the financial crisis. It hopes to fold the agency into the Bank of England if the party wins control of Parliament in elections likely to be held in early May.

Bloomberg News

Hector Sants

Mr. Sants, who became CEO in July 2007 and plans to step down sometime after the election, defended the FSA's record, saying it had made a clean break from the "light touch" attitude that had defined the FSA's approach.

But Mr. Sants acknowledged that doubts about whether the FSA will remain an independent agency are complicating efforts to lure employees from investment banks and other financial institutions. "Undoubtedly, institutional uncertainty is not helpful for staff morale," he said.

Meanwhile, the FSA's chairman, Adair Turner, planned to use a speech Wednesday evening to reiterate calls for tougher capital requirements on banks and for new restrictions on hedge funds.

"Speculative trading activity can cause harm, even when it poses no threat to commercial bank solvency," Mr. Turner said in prepared remarks for a lecture at London's Cass Business School.

Group plans to invest $425 million in Genco

By John Satish Kumar

MUMBAI—Singapore-based Asian **Genco Pte.** Ltd. said a consortium led by **Morgan Stanley Infrastructure Partners** will invest more than $425 million in the power-generation assets the company is developing in India.

Other members of the consortium include **General Atlantic** LLC, **Goldman Sachs Investment Management**, **Norwest Venture Partners** and **Everstone Capital**.

The deal is the biggest private-equity investment in India since May 2008, when Symphony Capital LLC bought a stake in DLF Assets Pvt. Ltd. for $450 million.

Before the Genco deal, private-equity firms made 10 investments in Indian companies this year, with a value of $319 million, compared with $714 million in 29 deals in 2009, according to data from Dealogic.

The Genco investment comes at a time when India is increasing its power-generation capacity to prevent blackouts and to meet the rising energy demand. India's total generation capacity was 155,859 megawatts as of Nov. 30, while its peak-hour shortages were 12% in the fiscal year ended March 31, 2009.

Genco is developing hydro-, thermal- and non-conventional energy assets with a total capacity of nearly 4,000 megawatts.

With the latest funding, Genco has secured full equity financing for all of its power projects, Chairman Vijaykumar T.V. said in a statement.

In another recent India private-equity transaction, a group of investors including **Kohlberg Kravis Roberts** & Co., **Standard Chartered Private Equity** and **New Silk Route** are planning to invest around $200 million for a stake in the company that controls India's Café Coffee Day chain of coffee shops, according to one person involved in the deal.

Nomura pushes a cultural shift

Continued from page 19

of 8.5 million cars more adeptly.

Among Nomura's 70 senior managing directors, about 35% aren't Japanese. But Nomura executives said they are determined to globalize their culture in step with its changing business.

"When your business is global, management needs to be global," Mr. Shibata said during an interview at his offices in Tokyo. "It's not non-Japanese against Japanese, it's diversity of management structure, diversity of leadership in line with diversity of revenue sources that is important, hence our decision to choose a new chief operating officer."

Revenue from outside Japan is almost equal to Nomura's domestic revenue. The Japanese firm expects its domestic business to expand, but it sees foreign revenue rising faster.

"We will change the shape of the organization in step with the change in the business," Mr. Shibata said. "There is a moment when we are able to bring a gentleman like Jesse Bhattal into a senior position and now the timing is right, so everyone will see it is a natural evolution."

Nomura continues to build its businesses globally, with a particular focus on the U.S.

The firm employs 1,600 people in its Americas division, up from about 900 in August 2008. It intends to add 400 employees in the U.S. by the end of this year and allocate about $2.5 billion extra to the U.S. operations gradually.

Earlier this month, Nomura named Naoki Matsuba as CEO for the Americas to lead the expansion.

Nomura would have moved foreigners into positions of power earlier, but some executives feared a backlash in the more traditional areas of the firm.

Nomura's mainstay retail broking and asset-management businesses fall outside of Mr. Bhattal's purview.

Mr. Bhattal was an architect of the sale of Lehman's Asian operations to Nomura in 2008.

In July 2009, he announced his intention to resign as chairman of Asian operations after Nomura couldn't find a suitable position for him.

Nomura would have moved foreigners into positions of power earlier, but some executives feared a backlash in the more traditional areas of the Japanese firm.

During the transition to Nomura ownership, Mr. Bhattal helped secure jobs for all of Lehman's people in Asia and a guarantee of bonuses at top-of-the-market levels for up to two years. Several former Lehman bankers have resigned after these bonuses ran out this month.

Recent departures include Sigurbjorn "Siggi" Thorkelsson, Nomura's head of equities for the Asian-Pacific region, and Thomas Siegmund, its co-head of fixed income for Asia outside Japan.

Mr. Bhattal commanded loyalty from his staff, which Nomura hopes to harness to help retain bankers.

As part of the same revamp of its operations, Nomura named another former Lehman banker, Philip Lynch, as CEO of Asia excluding Japan. Mr. Lynch currently is the chief executive of Nomura in the Middle East and Africa.

Mr. Bhattal's competition for the post of chief operating officer of the new global wholesale division was Nomura's chief executive for Europe, the Middle East and Africa, Sadeq Sayeed, a legacy Nomura consultant who was brought in by Mr. Shibata.

Nomura said Tuesday that Mr. Sayeed will retire when a successor has been found.

As the news of his promotion spread, Mr. Bhattal was greeted by spontaneous applause on Nomura's trading floor in Hong Kong.

Mr. Bhattal joined Lehman in 1993 and rose to become CEO of Lehman's Asian-Pacific operations in 2000. He joined Lehman's Executive Committee in 2003.

Under Mr. Bhattal's leadership as chief executive, Lehman Brothers Asia's revenue rose nearly sevenfold, to $2.9 billion in 2007 from $425 million in 2001. He was the longest-serving Asian-Pacific CEO of any global investment bank.

One colleague said he nurtured the aggressive, entrepreneurial culture of Lehman, repeatedly telling bankers "don't be scared to fail" in meetings and town-hall speeches.

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OSX Brasil pares size, price of initial offering

By John Lyons

SÃO PAULO—**OSX Brasil** SA, the Brazilian shipbuilding company controlled by billionaire Eike Batista, cut the size and price of its IPO, which was expected to be among the world's biggest this year.

The company said in a filing it cut the number of shares it will offer by 45%, to 3.06 million, while reducing the asking price for each share to 800 reais ($453) a share from a range as high as 1,333.33 reais. That would make the initial public offering about $1.39 billion, rather than as much as $4.17 billion.

Two other offerings held in Brazil this year failed to meet expectations. Multiplus SA, a unit of airline TAM SA, and Aliance Shopping Center SA raised less in shares sales than expected.

A person familiar with the OSX sale said demand has been weak because investors, mainly foreigners, are skeptical about the company's operations.

"The main question is the fact that OSX is highly dependent of the success of its parent company, OGX (**OGX Petróleo e Gás Participações** SA). Because of this scenario, investors are pushing the price of shares down," said the person.

OSX will price the shares Thursday, and trading is expected to begin Monday.

Japanese yields edge up

By Takashi Mochizuki

TOKYO—Japanese government bond yields crept higher as investors showed some surprise over a split vote in the Bank of Japan's decision to further ease its monetary policy.

The central bank, as expected, voted to loosen monetary policy by doubling the amount of low-interest loans available to the money market. But the 5-2 vote, the first split vote in nearly five months, caught a few investors by surprise.

BOND MARKETS

The dissent suggests that the BOJ, which unlike central banks elsewhere is battling deflation, may not take further steps to ease policy anytime soon, said Royal Bank of Scotland Securities strategist RuiXue Xu.

That could weigh on bond prices in the longer term, pushing yields higher.

The benchmark 10-year yield edged up 0.005 percentage point Thursday to 1.345%.

But some dealers suggested that yields would soon fall again, given robust demand from Japanese banks looking to invest their excess funds.

Pound rallies on robust jobs data for U.K.

By Don Curren

TORONTO—The volatile British pound was higher late Wednesday morning after the release of some unexpectedly robust domestic jobs data, while the dollar ceded ground against a number of more risk-sensitive currencies.

The pound was propelled higher after the U.K. government reported that the number of people claiming unemployment benefits fell 32,200 last month, the largest drop since November 1997.

CURRENCY MARKETS

The pound reached a daily high of $1.5380, its highest level since Feb. 25, before relinquishing some of its gains.

The dollar was higher against its main rivals, the yen and the euro.

More broadly, however, the dollar was under pressure, losing ground against the Canadian, Australian and New Zealand dollars, as global markets showed positive attitude to risk in light of the U.S. Federal Reserve's policy statement Tuesday.

"I think the market's taken the [Federal Open Market Committee] statement yesterday as positive for risk because the Fed seemed to be sending a signal of improving growth expectations but at the same time maintaining loose monetary policy," said Adam Cole, chief currency strategist at RBC Capital Markets in London.

Late Wednesday morning, the euro was at $1.3742, compared with $1.3777 late Tuesday, and a session high of $1.3819. The euro was at 124.25 yen from 124.32 yen, while the dollar was at 90.42 yen from 90.24 yen. The dollar was at 1.0541 Swiss francs from 1.0539 francs. The pound was at $1.5291 from $1.5257.

RBC's Mr. Cole said the British pound was also supported by a reference in minutes of the March meeting of the Bank of England's Monetary Policy Committee to the possibility of further depreciation by the pound putting upward pressure on inflation.

The Bank of Japan's decision to increase its quantitative easing by another 10 trillion yen ($111 billion) reminded the market of the deflationary risks that remain in the Japanese economy.

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NS	**ETFlab DJ STOXX Strong Value 20 Inc**	ETFlab Investment GmbH	EUR	Germany	**1.60**	98.53	-7.20	NS
NS	**Rinascimento SICAV G.A.M.E.S.**	Rinascimento Sicav	EUR	Luxembrg	**-1.31**	97.68	-0.91	NS
1	**VB Europa Invest A**	Volksbank Invest KAG	EUR	Austria	**-3.46**	86.05	-13.14	0.86
1	**OP-Eurooppa Arvo A**	OP-Rahastoyhtiö Oy	EUR	Finland	**-1.74**	85.59	-16.91	-1.47
1	**ESPA Stock Europe-Value A**	ERSTE-SPARINVEST KAG	EUR	Austria	**-2.70**	85.54	-15.68	0.28
NS	**Mandarine Valeur I**	Mandarine Gestion	EUR	France	**0.34**	81.91	-11.13	NS
3	**MPC Competence-Europa Methodik AMI P(t)**	AmpegaGerling Investment GmbH	EUR	Germany	**-1.72**	81.37	-10.99	3.50
3	**RWS-Aktienfonds Veritas**	Veritas Investment Trust GmbH	EUR	Germany	**0.41**	81.24	-6.62	6.69
2	**JPM Europe Focus A (acc)-EUR**	JPMorgan Asset Mgmt (Europe) S.a.r.l.	EUR	Luxembrg	**-0.50**	80.73	-10.29	NS
5	**BG Long Term Value**	Boussard </td> Gavaudan Gestion	EUR	France	**-1.88**	79.90	-1.77	7.44

NOTE: Changes in currency rates will affect performance and rankings.
KEY: ** 2YR and 5YR performance is annualized
NA-not available due to incomplete data;
NS-fund not in existence for entire period

Source: Morningstar, Ltd
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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
■ AHW CAPITAL MANAGEMENT									
Tel (+49) 1805 - 23 82 82									
www.ahw-capital.com									
AHW Top-Div.Int.	GL	EQ	LUX	03/16	EUR	52.66	-3.6	50.7	-19.5
■ ALLIANCE BERNSTEIN									
www.alliancebernstein.com/investments Tel. +800 2263 8637									
Am Eq Blend A	OT	OT	LUX	03/16	USD	10.81	4.2	54.4	-6.1
Am Eq Blend B	US	EQ	LUX	03/16	USD	10.14	4.0	53.2	-7.0
Am Growth A	US	EQ	LUX	03/16	USD	31.76	1.7	51.6	3.1
Am Growth AX	US	EQ	LUX	03/16	USD	34.32	1.8	52.5	3.7
Am Growth B	US	EQ	LUX	03/16	USD	26.65	1.5	50.1	2.1
Am Growth C	US	EQ	LUX	03/16	USD	28.71	1.6	50.9	2.7
Am Growth I	US	EQ	LUX	03/16	USD	35.25	1.8	52.8	3.9
Am Income A	US	BD	LUX	03/16	USD	8.58	2.8	31.6	7.5
Am Income A2	US	BD	LUX	03/16	USD	19.62	3.0	31.5	7.5
Am Income A2	OT	OT	NA	03/16	HKD	152.28	3.0	31.5	7.5
Am Income AT	OT	OT	NA	03/16	HKD	66.59	3.0	31.6	7.5
Am Income AT	US	BD	LUX	03/16	USD	8.58	3.0	31.6	7.5
Am Income B	US	BD	LUX	03/16	USD	8.58	2.6	30.6	6.6
Am Income B2	US	BD	LUX	03/16	USD	16.88	2.9	30.5	6.7
Am Income B2	OT	OT	NA	03/16	HKD	131.01	2.9	30.5	6.7
Am Income BT	OT	OT	NA	03/16	HKD	66.98	2.9	30.6	6.7
Am Income BT	US	BD	LUX	03/16	USD	8.63	2.9	30.6	6.7
Am Income C	US	BD	LUX	03/16	USD	8.58	2.7	30.9	6.9
Am Income C2	US	BD	LUX	03/16	USD	25.12	3.0	30.9	7.0
Am Income I	US	BD	LUX	03/16	USD	8.58	2.9	32.4	8.1
Am Value A	US	EQ	LUX	03/16	USD	8.83	3.5	44.5	-5.2
Am Value B	US	EQ	LUX	03/16	USD	8.11	3.3	43.0	-6.2
Am Value C	US	EQ	LUX	03/16	USD	8.82	3.4	43.9	-5.7
Am Value I	US	EQ	LUX	03/16	USD	9.52	3.7	45.6	-4.5
Emg Mkts Debt A	GL	BD	LUX	03/16	USD	16.03	4.1	48.9	10.2
Emg Mkts Debt A2	GL	BD	LUX	03/16	USD	20.99	4.4	48.9	10.2
Emg Mkts Debt AT	GL	BD	LUX	03/16	USD	16.12	4.5	49.0	10.3
Emg Mkts Debt B	GL	BD	LUX	03/16	USD	16.03	4.0	47.5	9.2
Emg Mkts Debt B2	GL	BD	LUX	03/16	USD	20.18	4.2	47.4	9.2
Emg Mkts Debt BT	GL	BD	LUX	03/16	USD	16.09	4.2	47.5	9.2
Emg Mkts Debt C	GL	BD	LUX	03/16	USD	16.03	4.1	48.3	9.7
Emg Mkts Debt C2	GL	BD	LUX	03/16	USD	20.61	4.3	48.2	9.8
Emg Mkts Debt I	GL	BD	LUX	03/16	USD	16.03	4.2	49.7	10.8
Emg Mkts Growth A	GL	EQ	LUX	03/16	USD	34.61	-0.1	80.5	-7.8
Emg Mkts Growth B	GL	EQ	LUX	03/16	USD	29.27	-0.3	78.7	-8.7
Emg Mkts Growth C	GL	EQ	LUX	03/16	USD	29.97	-0.2	79.8	-8.2
Emg Mkts Growth I	GL	EQ	LUX	03/16	USD	38.43	0.1	82.0	-7.1
Eur Growth A	OT	OT	LUX	03/16	USD	9.95	2.8	43.5	-9.5
Eur Growth A	OT	OT	LUX	03/16	EUR	7.23	2.8	43.5	-9.5
Eur Growth B	OT	OT	LUX	03/16	USD	8.93	2.7	42.0	-10.3
Eur Growth B	OT	OT	LUX	03/16	EUR	5.47	2.6	42.8	-9.8
Eur Growth C	EU	EQ	LUX	03/16	EUR	5.47	2.6	42.8	-9.8
Eur Growth I	OT	OT	LUX	03/16	USD	10.86	2.9	44.5	-8.8
Eur Growth I	OT	OT	LUX	03/16	EUR	7.89	2.9	44.5	-8.8
Eur Income A	OT	OT	LUX	03/16	EUR	6.80	4.0	57.7	8.3
Eur Income A	OT	OT	LUX	03/16	USD	9.36	4.0	57.7	8.3
Eur Income A2	OT	OT	LUX	03/16	EUR	13.43	4.4	57.6	8.3
Eur Income A2	OT	OT	LUX	03/16	USD	18.49	4.4	57.6	8.3
Eur Income AT	EU	BD	LUX	03/16	EUR	6.81	4.5	57.6	8.4
Eur Income B	OT	OT	LUX	03/16	EUR	6.80	3.9	56.8	7.6
Eur Income B	OT	OT	LUX	03/16	USD	9.36	3.9	56.8	7.6
Eur Income B2	OT	OT	LUX	03/16	EUR	12.47	4.2	56.5	7.6
Eur Income B2	OT	OT	LUX	03/16	USD	17.16	4.2	56.5	7.6
Eur Income BT	EU	BD	LUX	03/16	EUR	6.81	4.2	56.7	7.6
Eur Income C	OT	OT	LUX	03/16	EUR	6.80	3.9	57.1	7.9
Eur Income C	OT	OT	LUX	03/16	USD	9.36	3.9	57.1	7.9
Eur Income C2	OT	OT	LUX	03/16	EUR	13.38	4.3	57.0	7.9
Eur Income C2	OT	OT	LUX	03/16	USD	18.42	4.3	57.0	7.9
Eur Income I	OT	OT	LUX	03/16	EUR	6.80	4.1	58.4	8.9
Eur Income I	OT	OT	LUX	03/16	USD	9.36	4.1	58.4	8.9
Eur Strat Value A	OT	OT	LUX	03/16	EUR	8.69	1.9	49.6	-13.3
Eur Strat Value A	OT	OT	LUX	03/16	USD	11.96	1.9	49.6	-13.3
Eur Strat Value I	OT	OT	LUX	03/16	EUR	8.91	1.9	50.8	-12.6
Eur Strat Value I	OT	OT	LUX	03/16	USD	12.26	1.9	50.8	-12.6
Eur Value A	OT	OT	LUX	03/16	EUR	9.32	1.3	52.0	-9.5
Eur Value A	OT	OT	LUX	03/16	USD	12.83	1.3	52.0	-9.5
Eur Value B	OT	OT	LUX	03/16	USD	11.77	1.1	50.5	-10.5
Eur Value B	OT	OT	LUX	03/16	EUR	8.55	1.1	50.5	-10.5
Eur Value C	OT	OT	LUX	03/16	USD	12.39	1.2	51.5	-10.0
Eur Value C	OT	OT	LUX	03/16	EUR	9.00	1.2	51.5	-10.0
Eur Value I	OT	OT	LUX	03/16	USD	14.84	1.5	53.3	-8.8
Eur Value I	OT	OT	LUX	03/16	EUR	10.78	1.5	53.3	-8.8
Gl Balanced (Euro) A	OT	OT	LUX	03/16	USD	16.24	2.9	36.6	-5.2
Gl Balanced (Euro) B	OT	OT	LUX	03/16	USD	15.79	2.7	35.3	-6.1
Gl Balanced (Euro) C	OT	OT	LUX	03/16	USD	16.10	2.8	36.2	-5.5
Gl Balanced (Euro) I	OT	OT	LUX	03/16	USD	16.56	3.0	NS	NS
Gl Balanced A	US	BA	LUX	03/16	USD	16.73	1.5	40.7	-6.2
Gl Balanced B	US	BA	LUX	03/16	USD	15.87	1.3	39.3	-7.2
Gl Balanced C	OT	OT	LUX	03/16	USD	16.47	1.4	40.3	-6.5
Gl Balanced C	OT	OT	LUX	03/16	EUR	11.97	1.4	40.3	-6.5
Gl Balanced I	US	BA	LUX	03/16	USD	17.38	1.7	41.8	-5.6
Gl Bond A	US	BD	LUX	03/16	USD	9.40	2.4	18.7	5.2
Gl Bond A2	US	BD	LUX	03/16	USD	16.42	2.6	18.6	5.2
Gl Bond A2	OT	OT	NA	03/16	HKD	127.44	2.6	18.6	5.2
Gl Bond AT	OT	OT	LUX	03/16	HKD	72.96	2.6	18.7	5.2
Gl Bond AT	US	BD	LUX	03/16	USD	9.40	2.6	18.7	5.2
Gl Bond B	US	BD	LUX	03/16	USD	9.40	2.2	17.5	4.2
Gl Bond B2	US	BD	LUX	03/16	USD	14.35	2.4	17.4	4.1
Gl Bond B2	OT	OT	NA	03/16	HKD	111.38	2.4	17.4	4.1
Gl Bond BT	OT	OT	LUX	03/16	HKD	73.19	2.4	17.5	4.2
Gl Bond BT	US	BD	LUX	03/16	USD	9.43	2.4	17.5	4.2
Gl Bond C	US	BD	LUX	03/16	USD	9.40	2.3	18.1	4.7
Gl Bond C2	US	BD	LUX	03/16	USD	14.24	2.5	18.2	4.7
Gl Bond I	US	BD	LUX	03/16	USD	9.40	2.5	19.3	5.8
Gl Conservative A	US	BA	LUX	03/16	USD	15.03	1.6	25.2	-1.4
Gl Conservative A2	US	BA	LUX	03/16	USD	17.20	1.6	25.3	-1.4
Gl Conservative B	US	BA	LUX	03/16	USD	15.03	1.4	24.0	-2.4
Gl Conservative B2	US	BA	LUX	03/16	USD	16.31	1.4	24.0	-2.4
Gl Conservative C	US	BA	LUX	03/16	USD	15.03	1.5	24.8	-1.9
Gl Conservative C2	US	BA	LUX	03/16	USD	16.80	1.4	24.6	-1.9
Gl Conservative I	US	BA	LUX	03/16	USD	15.10	1.7	26.3	-0.6
Gl Eq Blend A	GL	EQ	LUX	03/16	USD	11.74	0.7	56.1	-14.8
Gl Eq Blend B	GL	EQ	LUX	03/16	USD	11.00	0.5	54.7	-15.6
Gl Eq Blend C	GL	EQ	LUX	03/16	USD	11.53	0.6	55.6	-15.2
Gl Eq Blend I	GL	EQ	LUX	03/16	USD	12.41	0.9	57.5	-14.1
Gl Growth A	GL	EQ	LUX	03/16	USD	42.33	1.0	51.8	-15.4
Gl Growth B	GL	EQ	LUX	03/16	USD	35.26	0.8	50.3	-16.2
Gl Growth C	GL	EQ	LUX	03/16	USD	40.58	0.9	51.1	-15.8
Gl Growth I	GL	EQ	LUX	03/16	USD	47.08	1.2	53.1	-14.7
Gl High Yield A	US	BD	LUX	03/16	USD	4.46	4.4	68.4	8.7
Gl High Yield A2	US	BD	LUX	03/16	USD	9.70	4.8	68.1	8.6
Gl High Yield A2	OT	OT	NA	03/16	HKD	75.29	4.8	68.1	8.6
Gl High Yield AT	OT	OT	NA	03/16	HKD	34.38	4.9	68.4	8.6
Gl High Yield AT	US	BD	LUX	03/16	USD	4.43	4.9	68.4	8.6
Gl High Yield B	US	BD	LUX	03/16	USD	4.46	4.2	66.4	7.3
Gl High Yield B2	US	BD	LUX	03/16	USD	15.57	4.6	66.5	7.5
Gl High Yield B2	OT	OT	NA	03/16	HKD	120.85	4.6	66.5	7.5
Gl High Yield BT	OT	OT	NA	03/16	HKD	34.93	4.4	66.7	7.4
Gl High Yield BT	US	BD	LUX	03/16	USD	4.50	4.4	66.7	7.4
Gl High Yield C	US	BD	LUX	03/16	USD	4.46	4.3	67.5	8.1
Gl High Yield C2	US	BD	LUX	03/16	USD	14.37	4.7	67.5	8.1
Gl High Yield I	US	BD	LUX	03/16	USD	4.46	4.5	69.5	9.4
Gl Thematic Res. A	OT	OT	LUX	03/16	USD	15.05	2.2	77.1	3.4
Gl Thematic Res. B	OT	OT	LUX	03/16	USD	13.14	1.9	75.4	2.4
Gl Thematic Res. I	OT	OT	LUX	03/16	USD	16.81	2.3	78.5	4.2
Gl Value A	GL	EQ	LUX	03/16	USD	11.19	0.4	61.2	-14.2
Gl Value B	GL	EQ	LUX	03/16	USD	10.26	0.2	59.6	-15.1
Gl Value C	GL	EQ	LUX	03/16	USD	10.87	0.4	60.6	-14.6
Gl Value I	GL	EQ	LUX	03/16	USD	11.92	0.6	62.4	-13.5
Greater China A	AS	EQ	LUX	03/16	USD	39.00	-2.6	56.9	-5.5
Greater China B	AS	EQ	LUX	03/16	USD	34.44	-2.8	55.3	-6.4
Greater China C	AS	EQ	LUX	03/16	USD	38.47	-2.7	56.2	-5.9
India Growth A	OT	OT	LUX	03/15	USD	129.44	2.0	NS	NS
India Growth AX	OT	OT	LUX	03/15	USD	113.21	2.0	121.7	2.3
India Growth B	OT	OT	LUX	03/15	USD	135.32	1.8	NS	NS
India Growth BX	OT	OT	LUX	03/15	USD	96.57	1.8	119.5	1.3
India Growth I	EA	EQ	LUX	03/15	USD	117.44	2.2	122.8	2.7
Int'l Health Care A	OT	EQ	LUX	03/16	USD	143.77	4.6	36.7	0.0
Int'l Health Care B	OT	EQ	LUX	03/16	USD	121.02	4.4	35.3	-1.0
Int'l Health Care C	OT	EQ	LUX	03/16	USD	137.66	4.5	36.1	-0.5
Int'l Health Care I	OT	EQ	LUX	03/16	USD	157.34	4.8	37.8	0.8
Int'l Technology A	OT	EQ	LUX	03/16	USD	112.02	1.5	65.3	-1.2
Int'l Technology B	OT	EQ	LUX	03/16	USD	96.87	1.3	63.7	-2.2
Int'l Technology C	OT	EQ	LUX	03/16	USD	108.16	1.4	64.6	-1.6
Int'l Technology I	OT	EQ	LUX	03/16	USD	125.81	1.7	66.7	-0.4
Japan Eq Blend A	JP	EQ	LUX	03/16	JPY	6122.00	1.6	37.4	-12.2
Japan Eq Blend B	JP	EQ	LUX	03/16	JPY	5895.00	1.4	36.1	-13.1
Japan Eq Blend C	JP	EQ	LUX	03/16	JPY	6018.00	1.5	36.8	-12.6
Japan Growth A	JP	EQ	LUX	03/16	JPY	5791.00	-1.4	25.0	-14.6
Japan Growth B	JP	EQ	LUX	03/16	JPY	5577.00	-1.6	23.8	-15.4
Japan Growth C	JP	EQ	LUX	03/16	JPY	5694.00	-1.5	24.5	-15.0
Japan Strat Value A	JP	EQ	LUX	03/16	JPY	6404.00	4.6	49.8	-10.3
Japan Strat Value B	JP	EQ	LUX	03/16	JPY	6174.00	4.4	48.3	-11.2
Japan Strat Value C	JP	EQ	LUX	03/16	JPY	6291.00	4.5	49.1	-10.7
Real Estate Sec. A	OT	EQ	LUX	03/16	USD	14.85	3.5	88.0	-8.5
Real Estate Sec. B	OT	EQ	LUX	03/16	USD	13.55	3.3	86.1	-9.4
Real Estate Sec. I	OT	EQ	LUX	03/16	USD	15.98	3.6	89.6	-7.7
Short Mat Dollar A	US	BD	LUX	03/16	USD	7.31	1.2	16.0	-1.5
Short Mat Dollar A2	US	BD	LUX	03/16	USD	9.92	1.3	15.9	-1.6
Short Mat Dollar AT	US	BD	LUX	03/16	USD	7.31	1.4	16.0	-1.6
Short Mat Dollar B	US	BD	LUX	03/16	USD	7.31	1.1	15.5	-2.0
Short Mat Dollar B2	US	BD	LUX	03/16	USD	9.87	1.3	15.4	-2.0
Short Mat Dollar BT	OT	OT	LUX	03/16	USD	7.32	1.2	NS	-2.3
Short Mat Dollar C	US	BD	LUX	03/16	USD	7.31	1.1	15.5	-2.0
Short Mat Dollar C2	US	BD	LUX	03/16	USD	13.95	1.3	15.4	-2.0
Short Mat Dollar I	US	BD	LUX	03/16	USD	7.31	1.2	16.6	-1.0

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
■ ALEXANDRA INVESTMENT MANAGEMENT									
Tel: +1 212 301 1800 Fax: +1 212 301 1810									
Alexandra Convertible Bond Fund I, Ltd. (Class A)	OT	OT	VGB	01/29	USD	1778.08	5.1	80.4	NS
■ CREDIT PACIFIC ASSET MANAGMENT									
www.creditpacific.com									
CPS-Master Priv Fund	GL	OT	WSM	03/16	USD	107.18	7.2	30.0	23.3
■ PLATINUM CAPITAL MANAGEMENT									
Tel: +44 207 024 9840, www.platinumfunds.net									
Platinm-All Star	OT	OT	CYM	12/31	USD	97.22	15.7	15.7	-12.2
Platinm-All Weather	OT	OT	USA	10/31	USD	129.92	2.4	3.2	3.8
Platinm-Dynasty	OT	OT	USA	12/31	USD	116.00	12.9	12.9	-29.1
Platinm-Emancipation	OT	OT	USA	01/29	USD	94.67	1.7	28.8	-5.0
Platinm-Equity Plus	OT	OT	USA	05/29	USD	35.02	-18.2	-63.7	-45.6
Platinm-Gbl Dividend	OT	OT	CYM	12/31	USD	62.80	37.2	37.2	-26.9
Platinm-Nordic	OT	OT	CYM	01/29	SEK	627.50	1.6	14.6	-12.4
Platinm-Premier	OT	OT	CYM	12/31	USD	21.20	-55.9	-66.0	-44.3
Platinm-Turnberry	OT	OT	USA	01/29	USD	60.80	1.2	NS	-27.0
■ SUPERFUND ASSET MANAGEMENT GMBH									
For info about open funds, contact info@superfund.com and www.superfund.com									
**Closed for New Investments*									
Superfund Cayman*	OT	OT	CYM	03/09	USD	39.21	-3.8	-55.8	-17.3
Superfund GCT USD*	GL	EQ	LUX	03/09	USD	2103.00	-4.2	-44.3	-13.6
Superfund Green Gold A (SPC)	OT	OT	CYM	03/09	USD	956.45	-0.8	-22.6	-7.9
Superfund Green Gold B (SPC)	OT	OT	CYM	03/09	USD	915.01	-2.2	-37.3	-14.6
Superfund Q-AG*	OT	OT	AUT	03/09	EUR	6541.00	-1.2	-27.4	-4.6
■ WINTON CAPITAL MANAGEMENT LTD									
Tel: +44 (0)20 7610 5350 Fax: +44 (0)20 7610 5301									
Winton Evolution EUR Cls H	OT	OT	CYM	02/26	EUR	948.03	0.3	-6.0	NS
Winton Evolution GBP Cls G	OT	OT	CYM	02/26	GBP	955.79	0.7	-5.2	NS
Winton Evolution USD Cls F	OT	OT	CYM	02/26	USD	1203.51	0.4	-5.9	-0.4
Winton Futures EUR Cls C	OT	OT	VGB	02/26	EUR	196.04	-0.4	-5.7	1.6
Winton Futures GBP Cls D	OT	OT	VGB	02/26	GBP	212.20	-0.3	-5.3	2.4
Winton Futures JPY Cls E	OT	OT	VGB	02/26	JPY	13835.61	-0.4	-6.5	-0.6
Winton Futures USD Cls B	OT	OT	VGB	02/26	USD	696.79	-0.4	-5.7	1.3
■ ALLIANZ GLOBAL INVESTORS KAPITALANLAGEGESELLSCHAFT									
Concentra AE	EU	EQ	DEU	03/17	EUR	52.54	1.4	59.5	0.3
Industria AE	EU	EQ	DEU	03/17	EUR	72.54	2.5	47.8	-7.6
InternRent AE	EU	BD	DEU	03/17	EUR	37.27	5.8	7.5	10.2
■ CHARTERED ASSET MANAGEMENT PTE LTD - TEL NO: 65-6835-8866									
Fax No: 65-6835 8865, Website: www.cam.com.sg, Email: cam@cam.com.sg									
CAM-GTF Limited	AS	EQ	MUS	03/11	USD	307009.86	11.8	161.9	15.6

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com

MARKETS

Dow Industrials, Stoxx move to 17-month highs

By Kristina Peterson And Donna Kardos Yesalavich

The Dow Jones Industrial Average hit a 17-month intraday high, a day after the Federal Reserve signaled it would keep interest rates at historic lows for some time.

A drop in U.S. wholesale prices also reduced inflation worries.

ABREAST OF THE MARKET

Commodities prices gained and the dollar fell against those currencies most closely aligned with global growth prospects, with markets taking heart from the recent patter of largely encouraging economic data.

"The dovish status quo from the Fed remains the best recipe for market risk appetite and further equity market gains," said Vassili Serebriakov, a currency strategist at Wells Fargo in New York.

The Dow was up 63.03 points, or 0.6%, at 10749.01 in early-afternoon trade. If the measure closes above its Jan. 19 close of 10725.43, it would mark a 17-month closing high.

The index has been on a quiet rally, gaining 1.3% over a six-day winning run. A gradual accumulation of positive economic indicators has slowly nudged it to levels last seen in October 2008, even as trading has been light and volatility low in recent weeks.

"It's been subtle—almost silent—and yet here we are at new highs," said Mark Luschini, chief investment strategist at Janney Montgomery Scott. "It certainly doesn't feel like the market's climbing by leaps and bounds, but very subtly we've gained 10 points here, 30 points there."

Alcoa was the Dow's best performer. Gains in commodities also benefited **Exxon Mobil**, up 1.7%, and **Chevron**, up 1.3%. **J.P. Morgan Chase** climbed 1.8%.

The Nasdaq Composite firmed 0.7%, as did the Standard & Poor's 500-stock index.

European stocks

Stocks here, too, rose to a 17-month high, as commodity plays benefited from the Fed's decision to keep monetary policy loose.

The Stoxx Europe 600 index rose 0.9% to 261.34, its highest close since Oct, 3, 2008.

Among major national markets, the German DAX index added 0.9% to 6024.28, the first time it traded over 6000 since mid-January. The U.K. FTSE 100 index rose 0.4% to 5644.63, and the French CAC-40 index advanced 0.5% to 3957.89.

Anglo American rose 1.8% and **Xstrata** gained 1.5%, both in London, as copper prices firmed.

Italy's **UniCredit** rose 6.2% after its fourth-quarter net profit came in well above analyst expectations.

Arriva surged 17% after the U.K. bus and train operator said it received an unsolicited takeover bid.

Spanish retail giant **Inditex** climbed 3.5% on a jump in fourth-quarter profit and said this year's sales were off to a strong start.

Long-term Treasurys gain on PPI figures

By Min Zeng

NEW YORK—Prices of long-dated Treasurys were slightly up Wednesday after the U.S. producer-price index dropped more than economists had forecast, signaling little inflation threat in the economy.

The short end of the Treasury market posted small losses ahead of forthcoming debt supply. On Thursday, the Treasury Department is scheduled to release the sizes of next week's auctions in two-year, five-year and seven-year Treasurys.

U.S. CREDIT MARKETS

In noon trading, the two-year note's price was 1/32 lower at 99 29/32, yielding 0.9235%. The 10-year note was up 1/32 at 99 25/32 to yield 3.6512%, while the 30-year bond was up 5/32 at 100 21/32 to yield 4.5842%. Bond prices move inversely to their yields.

The PPI data, released a day before the more-important consumer-price index report, confirmed the Federal Reserve's view that price pressure is likely to remain contained in the foreseeable future, allowing the central bank to keep its key interest rate at a record low near zero.

Long-dated Treasurys extended a rally from late Tuesday and continued to outperform short-dated maturities as the Fed's pledge to keep interest rates low encouraged many investors to grab the higher yields in the long end of the bond market.

Tokyo shares advance on BOJ, Fed decisions

By V. Phani Kumar And Shri Navaratnam

Tokyo stocks rose Wednesday following the Bank of Japan's decision to ease monetary conditions further and the U.S. Federal Reserve's pledge to keep interest rates low for an "extended period."

Most other major Asian markets also got a boost as the accommodative stance by the two major central banks spurred stock purchases with financials, commodity producers and property developers in the lead.

ASIAN-PACIFIC STOCKS

"There was certainly no sign of the more hawkish language some had expected from the Fed," said Mike Jones, currency strategist at the Bank of New Zealand. "Renewed optimism about the global outlook" was bolstering appetite for risk, he said.

The Nikkei Stock Average of 225 companies gained 1.2% to 10846.98 in Tokyo, while Australia's S&P/ASX 200 rose 1.2% to 4853.17 and South Korea's Kospi gained 2.1% to 1682.86. Chinese stocks also shook off lingering worries about monetary tightening, lifting the Shanghai Composite 1.9% to 3050.48, the benchmark's best percentage gain since early February.

Hong Kong's Hang Seng Index added 1.7% to 21384.49 and India's Sensex rose 0.6% to 17490.08.

In Tokyo, the BOJ left its policy rate unchanged at 0.1% and said it will lend another 10 trillion yen ($111 billion) in three-month funds to banks, in addition to the current limit of 10 trillion yen. The move was widely expected as the BOJ has been under political pressure in recent months to help fight deflation.

Bank of Tokyo-Mitsubishi UFJ's Japan strategist Naomi Fink said the central bank move was aimed at maintaining the easy monetary conditions because of a net decline in liquidity provision of late.

"The central bank's move to maintain rather than increase accommodation should have little lasting impact on foreign-exchange markets, given [Gov.] Shirakawa's clarification that developed countries 'cannot afford a rapid exit' from emergency accommodation," she said.

Mitsubishi Estate gained 1.7%, **Sony** added 1.6% and **Mizuho Financial Group** gained 1.1%.

Mining and metal stocks gained across the region on improved sentiment, with Australian giants **BHP Billiton** and **Rio Tinto** rising 1.3% and 1.6%, respectively. Wilson HTM client adviser Joseph Pagliaro said stronger commodity prices should also encourage buyers who have been on the sidelines recently.

Aluminum Corp. of China jumped 4.2% in Hong Kong and 2.2% in Shanghai, and **Zijin Mining** jumped 4.7% in Hong Kong and 1.7% in Shanghai; **Hindalco Industries** rose 2.3% in Mumbai, **Pacific Metals** gained 2.8% in Tokyo and **Korea Zinc** was up 0.8% in Seoul.

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
GAM Arbitrage Op	OT	OT	VGB	03/05	USD	1300.56	4.6	29.6	-5.8
GAM Asia Eq Hdg JPY Op	GL	EQ	VGB	03/15	JPY	14381.91	-7.4	74.2	3.9
GAM Asia Equity Hedge US	OT	OT	VGB	03/15	USD	268.79	-7.4	74.7	5.2
GAM Asia Equity USD	OT	OT	VGB	03/16	USD	635.21	-2.8	71.7	-4.7
GAM Asia-Pacific Eq USD	OT	OT	VGB	03/16	USD	1344.25	4.8	61.3	-7.5
GAM Com Glb Bal EUR Op	US	BA	VGB	03/08	EUR	97.83	1.1	28.3	-6.2
GAM Com Glb Bal USD Op	US	BA	VGB	03/08	USD	129.18	1.1	28.3	-6.2
GAM Comp Glb Eq EUR Op	GL	EQ	VGB	03/08	EUR	101.37	0.9	46.9	-10.8
GAM Comp Glb Eq USD Op	GL	EQ	VGB	03/08	USD	128.66	0.9	46.9	-10.8
GAM Comp Glb Gr EUR Op	US	BA	VGB	03/08	EUR	88.93	0.4	32.9	-9.4
GAM Comp Glb Gr USD Op	US	BA	VGB	03/08	USD	127.62	0.4	32.9	-9.4
GAM CompAbsRT EUR Op	OT	OT	VGB	09/30	EUR	141.71	9.1	0.1	-6.9
GAM CompAbsRT SGD Op	OT	OT	VGB	09/30	SGD	102.21	9.2	-0.1	-8.3
GAM CompAbsRT USD Op	OT	OT	VGB	09/30	USD	845.66	9.5	0.7	-7.0
GAM Cptal Apprec Eq Inc	US	EQ	VGB	03/12	USD	259.82	4.5	78.3	-2.5
GAM Cross Trading Inc	OT	OT	VGB	03/08	USD	460.97	-1.1	3.7	1.6
GAM Diversity CHF Op	OT	OT	VGB	03/08	CHF	94.50	0.2	3.8	-6.0
GAM Diversity EUR Op	OT	OT	VGB	03/08	EUR	650.43	0.3	4.4	-4.6
GAM Diversity USD 2.5XL	OT	OT	VGB	03/08	USD	78.58	0.4	8.4	-17.6
GAM Diversity USD Op	OT	OT	VGB	03/08	USD	683.13	0.3	4.6	-5.2
GAM Dvrsty II CHF Op	OT	OT	VGB	03/08	CHF	99.65	0.2	3.1	-5.7
GAM Dvrsty II EUR Op	OT	OT	VGB	03/08	EUR	139.08	0.2	3.5	-4.8
GAM Dvrsty II USD Op	OT	OT	VGB	03/08	USD	210.68	0.2	3.7	-5.1
GAM DvrstyIII EUR Op	OT	OT	VGB	03/08	EUR	115.79	0.2	3.4	-4.9
GAM DvrstyIII USD Op	OT	OT	VGB	03/08	USD	122.28	0.2	3.7	-5.1
GAM Euro Eq Hdg EUR Op	EU	EQ	VGB	03/15	EUR	223.97	2.4	18.4	-0.2
GAM Euro Eq Hdg USD Op	OT	OT	VGB	03/15	USD	207.77	2.2	19.6	1.3
GAM European Equity USD	OT	OT	VGB	03/16	USD	287.15	-2.1	47.5	-9.3
GAM GAMCO	OT	EQ	VGB	03/09	USD	852.06	5.1	95.2	-4.2
GAM Gb EmMkts Hdg EUROp	OT	OT	VGB	03/15	EUR	99.24	1.4	15.4	-14.2
GAM Gb EmMkts Hdg USDOp	OT	OT	VGB	03/15	USD	104.72	1.5	16.1	-13.3
GAM Gbl Divers USD Inc.	GL	EQ	VGB	03/15	USD	259.12	3.7	60.8	-0.9
GAM Grtr China Eq Hdg Op	GL	EQ	VGB	03/15	USD	267.99	-6.5	110.6	25.0
GAM Intrst Trend II	GL	BD	VGB	03/15	USD	110.27	15.0	90.0	-0.5
GAM Intrst Trend Inc	OT	OT	VGB	03/15	USD	293.82	16.8	119.1	3.2
GAM Japan Eq Hdg EUR Op	AS	EQ	VGB	03/15	EUR	127.23	9.0	33.1	4.7
GAM Japan Eq Hdg USD Op	OT	OT	VGB	03/15	USD	130.62	7.0	32.4	-9.1
GAM Japan Eq Hdg YEN Open	AS	EQ	VGB	03/15	JPY	8991.96	7.0	33.6	-8.3
GAM Japan USD	JP	EQ	VGB	03/16	USD	1187.62	7.7	42.7	-8.1
GAM Japan YEN	JP	EQ	VGB	03/16	JPY	9388.90	6.4	37.2	-10.6
GAM Money Mkt EuroOp	EU	MM	VGB	03/16	EUR	51.17	0.7	0.8	1.7
GAM Money Mkt USD	US	MM	VGB	03/16	USD	100.01	0.1	0.0	0.6
GAM Multi-Arb EUR Op	OT	OT	VGB	03/08	EUR	112.75	1.4	1.6	-7.3
GAM Multi-Arb USD Op	OT	OT	VGB	03/08	USD	117.64	1.4	1.8	-7.5
GAM Multi-China EUR Op	OT	OT	VGB	03/08	EUR	162.18	-3.4	8.5	-5.6
GAM Multi-China USD Op	OT	OT	VGB	03/08	USD	170.94	-3.2	9.3	-6.2
GAM Multi-Emer Mkts GBP	OT	OT	VGB	03/08	GBP	131.03	-0.4	25.4	-1.5
GAM Multi-Emer Mkts USD	OT	OT	VGB	03/08	USD	648.40	-0.4	25.5	-1.8
GAM Multi-Eur EUR Op	OT	OT	VGB	03/08	EUR	267.18	-0.6	4.7	-5.3
GAM Multi-Eur II EUR Op	OT	OT	VGB	03/08	EUR	137.48	-0.6	4.6	-5.4
GAM Multi-Eur II USD Op	OT	OT	VGB	03/08	USD	112.44	-0.6	4.6	-6.3
GAM Multi-Eur USD Op	OT	OT	VGB	03/08	USD	465.04	-0.6	4.6	-6.2
GAM Multi-Nth Am EUR Special	OT	OT	VGB	03/08	EUR	134.29	0.2	9.5	-1.6
GAM Multi-Nth Am USD Special	OT	OT	VGB	03/08	USD	218.47	0.2	9.7	-1.8
GAM Multi-Pac EUR Op	GL	EQ	VGB	03/08	EUR	140.85	-1.8	2.0	-3.2
GAM Multi-Pac USD Op	OT	OT	VGB	03/08	USD	162.73	-1.6	2.4	-3.4
GAM Portable Dvr/S&P500	OT	OT	VGB	08/24	USD	70.11	17.7	-27.7	-22.9
GAM Selection Hdg	US	EQ	VGB	03/05	USD	2749.93	4.2	72.4	11.2
GAM Sing/Malaysia	AS	EQ	VGB	03/16	USD	2535.17	0.4	76.2	-0.4
GAM Sterling Spe Bd Inc	OT	OT	VGB	03/08	GBP	240.86	4.7	54.0	7.1
GAM Trading EUR Inc	OT	OT	VGB	03/08	EUR	321.56	-1.1	3.3	2.3
GAM Trading USD Inc	OT	OT	VGB	03/08	USD	962.92	-1.0	3.7	1.6
GAM Trdg II IncEUR Op	OT	OT	VGB	03/08	EUR	137.57	-1.1	3.2	2.3
GAM Trdg II IncUSD Op	OT	OT	VGB	03/08	USD	312.66	-1.0	3.8	1.6
GAM Trdg IV IncEUR Op	OT	OT	VGB	03/08	EUR	145.11	-1.1	3.0	2.0
GAM Trdg IV IncUSD Op	OT	OT	VGB	03/08	USD	152.86	-1.1	3.5	1.5
GAM Trdg V IncEUR Op	OT	OT	VGB	03/08	EUR	123.02	-1.1	2.9	1.9
GAM Trdg V IncUSD Op	OT	OT	VGB	03/08	USD	128.25	-1.0	3.5	1.5
GAM TrdgIII IncEUR Op	OT	OT	VGB	03/08	EUR	155.15	-1.2	3.0	1.9
GAM TrdgIII IncUSD Op	OT	OT	VGB	03/08	USD	160.78	-1.1	3.5	1.5
GAM USDSpecBondInc	US	BD	VGB	03/08	USD	570.47	7.6	107.7	11.8
GAM Worldwide	GL	EQ	VGB	03/16	USD	2213.70	-1.7	52.6	-7.2
GAMut Investments	OT	OT	VGB	03/10	USD	7710.34	1.7	2.5	6.6

■ GAM Star Fund Plc

GAMStar-AsEqCHF Ord Ac	AS	EQ	IRL	03/16	CHF	10.89	-1.3	48.8	-2.5
GAMStar-AsEqEUR Ord Ac	AS	EQ	IRL	03/16	EUR	12.01	0.9	60.3	2.1
GAMStar-AsEqGBP Ord Ac	AS	EQ	IRL	03/16	GBP	1.61	2.8	57.1	10.3
GAMStar-AsEqUSD Ord Ac	AS	EQ	IRL	03/16	USD	13.00	-3.1	70.4	-4.0
GAMStar-AsPacEqEUR Acc	AS	EQ	IRL	03/16	EUR	109.24	8.0	43.0	-0.9
GAMStar-AsPacEqEUR Inc	AS	EQ	IRL	03/16	EUR	105.72	8.0	43.0	-0.9
GAMStar-ContEurEqEUR Ac	EU	EQ	IRL	03/16	EUR	11.37	3.4	42.9	-0.8
GAMStar-EurpEqEUR Acc	EU	EQ	IRL	03/16	EUR	187.01	2.1	41.1	-3.7
GAMStar-EurpEqEUR Inc	EU	EQ	IRL	03/16	EUR	170.88	2.1	41.0	-3.7
GAMStar-EurpEqUSD Acc	EU	EQ	IRL	03/16	USD	15.70	-1.9	49.7	-9.1
GAMStar-EurpEqUSD Inc	EU	EQ	IRL	03/16	USD	14.24	-1.9	49.7	-9.1
GAMStar-FrontierOppUSD Acc	GL	EQ	IRL	03/15	USD	5.82	6.1	56.5	NS
GAMStar-JpnEq EUR Acc	JP	EQ	IRL	03/16	EUR	96.55	9.8	36.8	-0.2
GAMStar-JpnEq EUR Inc	JP	EQ	IRL	03/16	EUR	96.55	9.8	36.8	-0.2
GAMStar-JpnEq JPY Acc	JP	EQ	IRL	03/16	JPY	977.58	6.1	36.0	-10.4
GAMStar-JpnEq USD Acc	JP	EQ	IRL	03/16	USD	11.94	7.4	41.1	-8.2
GAMStar-World EqUSD Acc	GL	EQ	IRL	03/16	USD	2229.45	-0.4	53.2	-6.1

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American Growth	US	EQ	LUX	03/17	USD	15.75	2.4	51.1	-7.3
American Growth AA	US	EQ	LUX	03/17	USD	0.91	2.3	50.7	-5.1
Asian Equity	AS	EQ	LUX	03/17	USD	2.45	-2.2	71.8	-2.5
Asian Equity AA	AS	EQ	LUX	03/17	USD	0.79	-2.3	71.2	-2.8
Asian Sm Cap Equity AA	AS	EQ	LUX	03/17	USD	1.20	1.9	114.9	3.9
China Value A	AS	EQ	LUX	03/17	USD	6.95	-4.3	63.4	1.6
China Value AA	AS	EQ	LUX	03/17	USD	2.18	-4.3	63.0	1.3
Dragon Growth	AS	EQ	LUX	03/17	USD	1.63	-3.1	64.2	-1.3
Dragon Growth AA	OT	OT	LUX	03/17	HKD	7.91	-3.0	64.1	-1.9
Emg Eastrn Europe A	EU	EQ	LUX	03/17	USD	4.88	3.0	119.0	-12.9
Emg Eastrn Europe AA	EU	EQ	LUX	03/17	USD	2.10	3.0	118.6	-13.1
European Growth	EU	EQ	LUX	03/17	USD	9.11	-2.3	66.2	-14.9
European Growth AA	EU	EQ	LUX	03/17	USD	0.65	-2.3	65.8	-15.1
Global Contrarain AA	GL	EQ	LUX	03/17	USD	0.94	5.8	116.8	NS
Global Property AA	OT	EQ	LUX	03/17	USD	0.70	2.3	87.1	-8.3
Global Resources AA	OT	EQ	LUX	03/17	USD	1.10	-0.5	58.0	-15.7
Healthcare AA	OT	EQ	LUX	03/17	USD	1.00	5.6	36.7	NS
India Equity AA	EA	EQ	LUX	03/17	USD	1.11	-0.1	99.5	-4.0
International Growth	GL	EQ	LUX	03/17	USD	3.11	0.8	45.5	-11.2
International Growth AA	GL	EQ	LUX	03/17	USD	0.72	0.7	45.2	-11.4
Japanese Growth	JP	EQ	LUX	03/17	USD	2.87	3.1	40.6	-7.3
Japanese Growth AA	JP	EQ	LUX	03/17	USD	0.76	3.7	41.2	-7.2
Latin America Equity AA	GL	EQ	LUX	03/17	USD	1.30	-0.1	106.7	-4.5
Manulife GF Strategic Income Fund AA	OT	OT	NA	03/17	USD	1.04	3.4	NS	NS
MGF Asia Value Dividend Equity Fund	OT	OT	Lux	03/17	USD	1.17	0.8	NS	NS
Russia Equity AA	EE	EQ	LUX	03/17	USD	0.72	8.9	139.4	-17.2
Taiwan Equity AA	AS	EQ	LUX	03/17	USD	1.03	-6.8	70.4	-2.3
Turkey Equity AA	EE	EQ	LUX	03/17	USD	0.78	-1.3	155.1	-0.9
U.S. Bond AA	US	BD	LUX	03/17	USD	1.14	2.7	21.1	8.6
U.S. Sm Cap Equity AA	US	EQ	LUX	03/17	USD	0.94	14.2	100.2	-1.6
U.S. Special Opportunities	OT	OT	LUX	03/17	USD	0.90	11.4	110.8	13.3
U.S. Tsy Inf-ProtSec AA	OT	BD	LUX	03/17	USD	1.15	0.5	10.2	0.3

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Indonesian Grth Fund	EA	EQ	CYM	03/10	USD	136.35	7.1	158.8	0.3

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Asia Value Formula Fd-B	AS	EQ	CYM	03/15	USD	8.10	1.0	100.5	1.1

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Bonds Eur Hi Yld A	OT	OT	LUX	03/15	EUR	21.70	5.4	66.1	6.9
Bonds EURO A	OT	OT	LUX	03/16	EUR	41.71	1.6	6.3	4.8
Bonds EUROPE A	OT	OT	LUX	03/16	EUR	39.73	1.6	5.1	4.1
Bonds US OppsCoreplus A	OT	OT	LUX	03/15	USD	37.50	1.6	18.2	8.1
Bonds World A	OT	OT	LUX	03/16	USD	41.82	-0.4	12.9	1.4
Eq. AsiaPac Dual Strategies A	OT	OT	LUX	03/16	USD	10.19	-2.2	77.8	-3.9
Eq. China A	AS	EQ	LUX	03/16	USD	22.56	-6.5	56.6	-3.2
Eq. Concentrated Euroland A	OT	OT	LUX	03/16	EUR	92.82	-0.1	36.8	-10.0
Eq. ConcentratedEuropeA	EU	EQ	LUX	03/16	EUR	27.01	0.0	47.5	-9.9
Eq. Emerging Europe A	OT	OT	LUX	03/16	EUR	25.88	9.9	102.6	-15.3
Eq. Euroland A	EU	EQ	LUX	03/16	EUR	10.85	0.2	41.5	-10.9
Eq. Euroland Small Cap A	OT	OT	LUX	03/16	EUR	148.04	4.9	59.2	-3.8
Eq. EurolandCyclclsA	EU	EQ	LUX	03/16	EUR	18.30	2.9	44.9	-6.8
Eq. EurolandFinancialA	OT	EQ	LUX	03/16	EUR	10.92	-3.5	74.7	-14.2
Eq. Glbl Emg Cty A	GL	EQ	LUX	03/16	USD	9.27	-4.2	67.4	-11.3
Eq. Global A	GL	EQ	LUX	03/16	USD	28.38	1.9	58.1	-7.5
Eq. Global Energy A	OT	OT	LUX	03/16	USD	17.95	-1.0	39.8	-14.6
Eq. Global Resources A	OT	OT	LUX	03/16	USD	110.63	1.3	65.2	-13.7
Eq. Gold Mines A	OT	EQ	LUX	03/16	USD	30.53	0.8	48.7	-8.1
Eq. India A	OT	OT	LUX	03/16	USD	130.98	0.2	99.6	-4.1
Eq. Japan CoreAlpha A	OT	OT	LUX	03/16	JPY	7755.20	6.9	39.6	-0.9
Eq. Latin America A	OT	OT	LUX	03/15	USD	114.48	-1.5	90.7	-8.6
Eq. US Lg Cap Gr A	US	EQ	LUX	03/16	USD	15.73	3.1	53.5	-4.9
Eq. US Rel Val A	US	EQ	LUX	03/16	USD	21.45	4.1	63.6	-7.4
Eq. US Sm Cap Val A	US	EQ	LUX	03/16	USD	17.18	7.7	71.6	-9.5
Money Market EURO A	EU	MM	LUX	03/16	EUR	27.41	0.1	0.6	2.2
Money Market USD A	US	MM	LUX	03/15	USD	15.83	0.0	0.3	1.3

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TNI Mena Real Estate Fund	OT	OT	BMU	03/11	USD	916.17	-4.7	6.0	-31.2
TNI MENA Special Sits Fund	OT	OT	BMU	02/28	USD	1109.04	2.8	16.0	NS
TNI UAE Blue Chip Fund	OT	OT	ARE	03/11	AED	5.18	-2.8	17.3	-34.1

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Intel-Chin MainInd Foc	AS	EQ	CYM	03/15	USD	29.49	-1.2	94.1	7.9
Intel-China Converg*	AS	EQ	CYM	03/15	USD	112.04	-1.7	93.9	5.5
VP Classic - A	AS	EQ	CYM	03/16	USD	186.43	0.0	91.5	4.8
VP Classic - B	AS	EQ	CYM	03/16	USD	86.80	-0.1	90.5	4.3
VP High Dividend Stk	AS	EQ	CYM	03/15	USD	46.73	2.9	99.4	8.2

*formerly known as China ABH Shares Fund

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■ YMR-N Series

YMR-N Growth Fund	OT	OT	IRL	03/16	JPY	9425.00	-0.3	32.0	-13.7
YMR-N Small Cap Fund	OT	OT	IRL	03/16	JPY	6781.00	-3.3	24.6	-13.7

■ Yuki 77 Series

Yuki 77 General	JP	EQ	IRL	03/16	JPY	6035.00	-1.9	21.8	-17.7
Yuki 77 Growth	JP	EQ	IRL	03/16	JPY	5517.00	-2.2	12.9	-22.0

■ Yuki Chugoku Series

Yuki Chugoku Jpn Gen	JP	EQ	IRL	03/16	JPY	6868.00	0.6	29.9	-13.3
Yuki Chugoku JpnLowP	JP	EQ	IRL	03/16	JPY	8014.00	6.3	23.3	-10.8

■ Yuki Hokuyo Japan Series

Yuki Hokuyo Jpn Gen	JP	EQ	IRL	03/16	JPY	4707.00	0.7	26.0	-17.6
Yuki Hokuyo Jpn Inc	JP	EQ	IRL	03/16	JPY	5392.00	2.7	26.7	-11.8
Yuki Hokuyo Jpn Sm Cap	JP	EQ	IRL	03/16	JPY	4901.00	-4.0	21.8	-14.4

■ Yuki Mizuho Series

Yuki Mizuho Gen Jpn III	OT	OT	IRL	03/16	JPY	4359.00	-1.4	24.0	-21.9
Yuki Mizuho Jpn Dyn Gro	OT	OT	IRL	03/16	JPY	4575.00	-1.9	23.3	-22.0
Yuki Mizuho Jpn Exc 100	OT	OT	IRL	03/16	JPY	6862.00	-1.6	31.2	-16.3
Yuki Mizuho Jpn Gen	OT	OT	IRL	03/16	JPY	8660.00	0.5	27.7	-13.2
Yuki Mizuho Jpn Gro	OT	OT	IRL	03/16	JPY	6249.00	-1.7	21.6	-16.4
Yuki Mizuho Jpn Inc	OT	OT	IRL	03/16	JPY	7784.00	2.0	17.4	-15.3
Yuki Mizuho Jpn Lg Cap	OT	OT	IRL	03/16	JPY	5230.00	0.8	27.0	-14.7
Yuki Mizuho Jpn LowP	OT	OT	IRL	03/16	JPY	11940.00	3.3	30.8	-9.1
Yuki Mizuho Jpn PGth	OT	OT	IRL	03/16	JPY	7717.00	-3.1	21.2	-18.7
Yuki Mizuho Jpn SmCp	OT	OT	IRL	03/16	JPY	6810.00	-4.6	29.2	-15.2
Yuki Mizuho Jpn Val Sel	OT	OT	IRL	03/16	JPY	5749.00	1.8	29.9	-11.5
Yuki Mizuho Jpn YoungCo	OT	OT	IRL	03/16	JPY	2632.00	-3.4	28.3	-20.3

■ Yuki Shizuoka Japan Series

Yuki Shizuoka General Japan	JP	EQ	IRL	03/16	JPY	5473.00	1.0	27.6	-14.5

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com

BLUE CHIPS & BONDS

Major players & benchmarks

At right, a look at the Asia Titans, the biggest and best known companies in Asia. Below, some of the Dow Jones Titans indexes of biggest and most liquid stocks in individual countries and regions

Giants around the world

In U.S.-dollar terms.

Dow Jones Country Titans

	Previous session	INDEX PERFORMANCE Year-to-date	52-week
Sweden	0.44%	8.3%	62.5%
Switzerland	0.79	6.2	53.0
Netherlands	1.19	4.6	69.2
Japan	0.99	4.2	26.3
U.K.	0.54	4.0	49.3
South Africa	1.20	2.9	36.3
Canada	0.06	2.5	36.1
Australia	1.06	0.7	39.0
Germany	0.87	0.6	43.6
Singapore	0.84	0.4	88.1
France	0.63	0.4	45.1
Turkey	1.70	0.3	124.4
Russia	0.54	0.3	67.4
Italy	1.04	-1.1%	61.3
Hong Kong	2.05	-1.3	53.1
South Korea	2.28	-1.4	45.4
Brazil	0.65	-2.0	96.6
Spain	1.18	-4.0	38.8
China 88	2.10	-9.7	33.7

Dow Jones Regional Sector Titans

Travel Leisure	0.28%	8.8%	54.5%
Ind Gds Svcs	0.87	8.5	74.9
Pers H'hold Gds	0.76	6.1	47.5
Arab 50	0.54	5.8	32.1
Retail	0.53	5.6	47.1
Real Estate	1.24	4.1	71.4
Media	0.47	3.8	60.8
Asian 50	1.61	3.7	55.6
Global 50	0.39	-0.2%	41.2
Tiger 50*	2.17	-2.2	68.3

*Asia excluding Japan

Source: Dow Jones Indexes

Dow Jones Asia Titans: Wednesday's best and worst...

Company	Country	Industry	Market value, in billions of US$	Previous close, in local currency	STOCK PERFORMANCE Previous session	52-week	Three-year
Samsung Elec	South Korea	Semiconductors	$104.2	798,000	4.31%	47.8%	37.8%
Sun Hung Kai Prop	Hong Kong	Real Estate Holding Development	39.3	118.90	4.02	82.4	34.4
KB Fncl Group	South Korea	Banks	18.1	53,300	3.90	61.7	-36.8
China Life Ins	Hong Kong	Life Insurance	35.7	37.25	3.04	52.4	68.9
Japan Tobacco	Japan	Tobacco	35.4	333,500	2.93	43.2	-40.2
KDDI	Japan	Mobile Telecommunications	$23.2	475,500	-0.52%	8.3	-48.0
East Japan Railway	Japan	Travel Tourism	27.1	6,190	-0.32	24.6	-33.2
Westfield Grp	Australia	Retail REITs	25.2	11.84	-0.25	16.7	-41.5
Kansai Elec Power	Japan	Conventional Electricity	22.4	2,120	-0.14	-0.7	-42.7
Mitsui	Japan	Industrial Suppliers	30.4	1,517	-0.13	72.2	-28.4

...And the rest of Asia's blue chips

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Shin-Etsu Chml Japan (Specialty Chemicals)	24.8	5,280	2.72%	9.8%	-27.3%
POSCO South Korea (Iron Steel)	37.6	559,000	2.57	56.8	49.1
Nissan Motor Japan (Automobiles)	34.8	774.00	2.52	110.9	-41.3
Cheung Kong Hong Kong (Real Estate Holding Development)	29.7	99.40	2.37	56.2	5.1
PetroChina Hong Kong (Integrated Oil Gas)	24.9	9.16	2.35	54.0	6.9
Woodside Petroleum Australia (Exploration Production)	30.3	45.80	2.32	26.1	27.4
Nintendo Japan (Toys)	38.7	27,400	2.20	-4.0	-19.5
JFE Hldgs Japan (Iron Steel)	21.0	3,600	2.13	62.5	-49.6
Aus NZ Bk Australia (Banks)	56.9	24.61	1.90	66.3	-15.1
Hon Hai Precision Ind Taiwan (Electrical Components Equipment)	37.5	139.50	1.82	118.9	2.7
China Constr Bk Hong Kong (Banks)	179.2	6.19	1.81	40.7	39.1
Panasonic Japan (Consumer Electronics)	30.7	1,343	1.74	17.6	-43.6
CNOOC Hong Kong (Exploration Production)	74.6	12.96	1.73	76.3	104.4
Sony Japan (Consumer Electronics)	37.7	3,425	1.63	72.0	-43.8
Westpac Bking Australia (Banks)	73.5	27.34	1.60	54.1	5.9
RioZim Ltd Australia (General Mining)	43.0	76.70	1.59	104.6	27.7
Woolworths Australia (Food Retailers Wholesalers)	32.6	28.72	1.56	14.8	3.9
Indl Comm Bk China Hong Kong (Banks)	63.0	5.89	1.38	68.3	35.7
Shinhan Financial Grp South Korea (Banks)	18.7	44,600	1.36	72.2	-17.6
Taiwan Smcndtr Mfg Taiwan (Semiconductors)	49.4	60.50	1.34	20.6	-11.9

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
BHP Billiton Australia (General Mining)	134.2	43.30	1.29%	39.3%	50.5%
Mitsubishi Japan (Industrial Suppliers)	42.6	2,347	1.29	92.5	-13.9
Tokio Marine Hldgs Japan (Property Casualty Insurance)	22.3	2,558	1.23	5.9	-38.1
Nippon Steel Japan (Iron Steel)	24.1	347.00	1.17	35.6	-58.1
Mizuho Financial Grp Japan (Banks)	29.8	192.00	1.05	-6.8	-74.8
QBE Ins Grp Australia (Reinsurance)	20.1	21.22	0.90	13.5	-33.1
Takeda Pharm Japan (Pharmaceuticals)	36.4	4,170	0.85	21.9	-46.6
Toyota Motor Japan (Automobiles)	124.6	3,580	0.85	18.2	-53.8
Commonwlth Bk of Aus Australia (Banks)	78.7	56.14	0.83	71.7	13.1
Canon Japan (Electronic Office Equipment)	56.5	4,140	0.73	56.2	-35.6
Hutchison Whampoa Hong Kong (Diversified Industrials)	31.6	57.55	0.61	43.9	-23.7
China Mobile (HK) Hong Kong (Mobile Telecommunications)	193.4	75.50	0.60	10.9	2.5
Seven I Hldgs Japan (Broadline Retailers)	20.6	2,066	0.54	2.5	-41.1
NTT DoCoMo Japan (Mobile Telecommunications)	64.8	140,500	0.43	4.9	-34.0
Mitsubishi UFJ Finl Japan (Banks)	73.1	476.00	0.42	-0.4	-63.9
Tokyo Elec Power Japan (Conventional Electricity)	36.6	2,449	0.37	-2.0	-41.1
National Australia Bk Australia (Banks)	51.9	26.83	0.30	39.8	-33.1
Sumitomo Mitsui Finl Japan (Banks)	44.2	2,965	0.24	-11.8	-72.0
Honda Motor Japan (Automobiles)	65.6	3,250	0.15	41.3	-21.9
Nippon T&T Japan (Fixed Line Telecommunications)	56.9	3,895	-0.13	7.3	-35.1

Sources: Dow Jones Indexes; WSJ Market Data Group

Tracking credit markets & dealmakers

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Hedge funds

Dow Jones Hedge Benchmark	TOTAL RETURN for rolling periods, net of fees* One week	One month	One quarter	Year to date	One year
Merger Arbitrage	0.13%	2.29%	1.0%	0.3%	5.8%
Event Driven	0.62	2.71	2.3	1.6	14.6
Equity Long/Short	0.72	3.38	4.6	3.0	7.9

*Estimates as of 03/12/10, after fees; Source: www.djhedgefundindexes.com

Credit derivatives

Spreads on credit derivatives are one way the market rates creditworthiness. Regions that are treading in rough waters can see spreads swing toward the maximum—and vice versa. Indexes below are for five-year swaps.

Markit iTraxx Indexes

Index: series/version	Mid-spread, in pct. pts.	Mid-price	Coupon	SPREAD RANGE, in pct. pts. since most recent roll Maximum	Minimum	Average
Europe: 12/1	0.75	101.12%	0.01%	1.00	0.65	0.83
Eur. High Volatility: 12/1	1.12	99.47	0.01	1.76	0.92	1.29
Europe Crossover: 12/1	4.17	103.27	0.05	6.15	3.79	4.87
Asia ex-Japan IG: 12/1	0.93	100.29	0.01	1.34	0.87	1.07
Japan: 12/1	1.23	98.94	0.01	1.68	0.99	1.35

Note: Data as of March 16

Spreads

Spreads on five-year swaps for corporate debt; based on Markit iTraxx indexes.

In percentage points

Source: Markit Group

Credit-default swaps: Asian companies

At its most basic, the pricing of credit-default swaps measures how much a buyer has to pay to purchase-and how much a seller demands to sell-protection from default on an issuer's debt. The snapshot below gives a sense which way the market was moving yesterday.

Showing the biggest improvement...

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
All Nippon Awys	269	**-9**	-9	-57
Acom	299	**-8**	28	5
Obayashi	162	**-8**	-12	-90
Toyota Mtr	57	**-7**	-5	-33
Promise	700	**-7**	36	11
Mazda Mtr	176	**-7**	-8	-56
Orix	279	**-7**	4	-25
Suzuki Mtr	58	**-7**	-6	-22
Toshiba	129	**-6**	-7	-49
Nippon Yusen Kabushiki Kaisha	60	**-6**	-7	-50

And the most deterioration

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Kobe Stl	107	**2**	...	-40
JFE Stl	57	**2**	-2	-22
Bk of China	106	**2**	1	-16
IHI	262	**2**	-7	-51
Chartered Semicon Mfg	148	**3**	...	-14
Nippon Sheet Glass	193	**3**	-9	-27
Nippon Paper Inds	113	**3**	3	-8
Malayan Bkg	78	**3**	-5	-34
Ptt Pub	96	**4**	4	-13
Kawasaki Kisen Kaisha	189	**4**	-6	-47

Source: Markit Group

Behind Asia's deals: Bank revenue rankings, Asia

Behind every IPO, bond offering, merger deal or syndicated loan is one or more investment banks. Here are investment banks ranked by year-to-date revenues from recent deals.

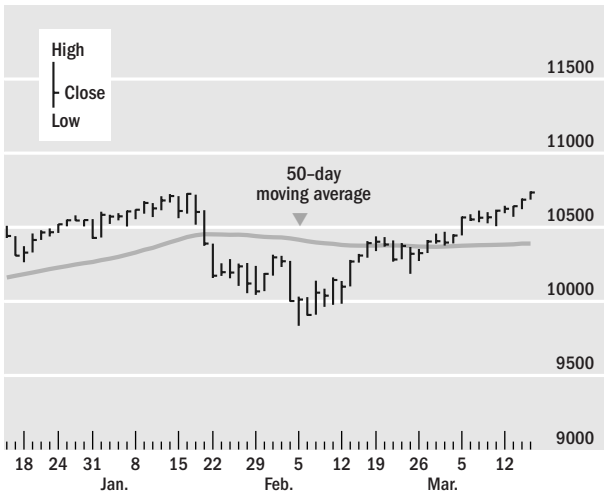
	Revenue, in millions	Market share	PERCENTAGE OF TOTAL REVENUE Equity capital markets	Debt capital markets	Mergers & acquisitions	Loans
Sumitomo Mitsui Banking Corp	$172	8.9%	83%	8%	2%	8%
Nomura	129	6.7	63	25	12	...
Goldman Sachs	119	6.1	72	8	20	...
Mizuho	88	4.5	32	43	11	14
Citi	87	4.5	70	8	19	2
Daiwa Capital Markets	80	4.1	64	30	7	...
Deutsche Bank	73	3.7	67	16	17	1
Mitsubishi UFJ Financial Group	73	3.7	48	34	6	12
Barclays Capital	71	3.7	83	15	2	...

Source: Dealogic

SCANNING THE GLOBE

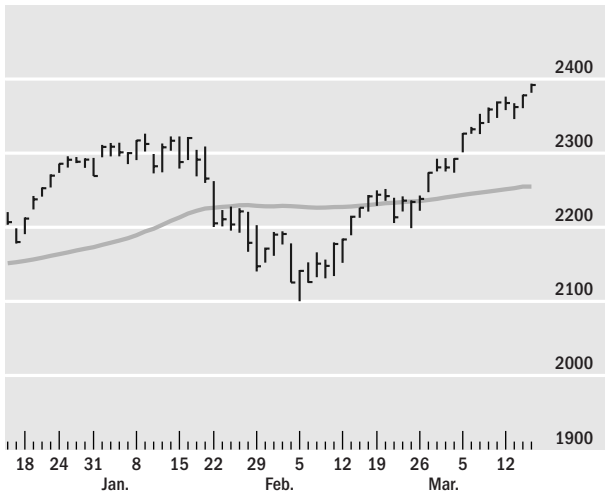
Dow Jones Industrial Average P/E: 17

LAST: **10734.58** ▲ 48.60, or 0.45%
YEAR TO DATE: ▲ **306.53, or 2.9%**
OVER 52 WEEKS ▲ **3,248.00, or 43.4%**



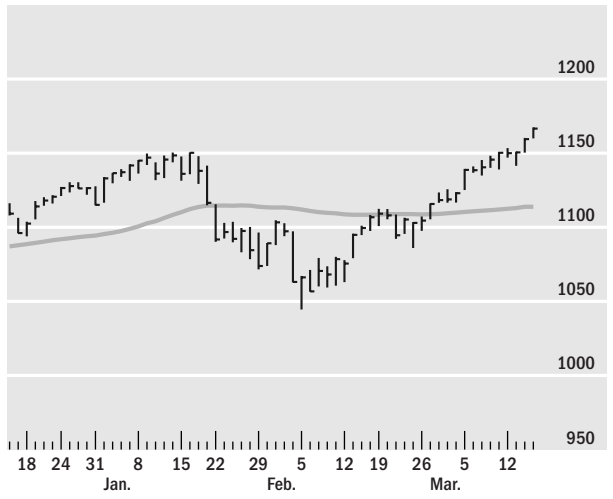
Nasdaq Composite Index P/E: 16*

LAST: **2391.97** ▲ 13.96, or 0.59%
YEAR TO DATE: ▲ **122.82, or 5.4%**
OVER 52 WEEKS ▲ **900.75, or 60.4%**



S&P 500 Index P/E: 23

LAST: **1166.57** ▲ 7.11, or 0.61%
YEAR TO DATE: ▲ **51.47, or 4.6%**
OVER 52 WEEKS ▲ **372.22, or 46.9%**



*Price-to-earnings ratio for the Nasdaq 100 Note: Price-to-earnings ratios are for trailing 12 months

Sources: WSJ Market Data Group; Birinyi Associates

DJIA component stocks

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
AT&T	T	**9.60**	$25.89	0.04	**0.16%**
Alcoa	AA	**41.90**	14.49	0.69	**5.00**
AmExpress	AXP	**3.70**	41.09	0.17	**0.42**
BankAm	BAC	**61.70**	17.23	0.20	**1.17**
Boeing	BA	**3.20**	69.11	0.39	**0.57**
Caterpillar	CAT	**2.80**	59.84	0.39	**0.66**
Chevron	CVX	**5.40**	74.81	0.83	**1.12**
CiscoSys	CSCO	**16.80**	26.34	0.19	**0.73**
CocaCola	KO	**4.40**	53.87	0.17	**0.32**
Disney	DIS	**3.40**	33.61	-0.14	**-0.41**
DuPont	DD	**2.70**	36.26	0.32	**0.89**
ExxonMobil	XOM	**17.50**	67.56	0.99	**1.49**
GenElec	GE	**95.90**	18.19	0.12	**0.66**
HewlettPk	HPQ	**6.70**	52.66	0.31	**0.59**
HomeDpt	HD	**5.90**	32.50	-0.05	**-0.15**
Intel	INTC	**45.10**	22.18	0.17	**0.77**
IBM	IBM	**2.60**	128.69	0.02	**0.02**
JPMorgChas	JPM	**18.20**	43.96	0.72	**1.67**
JohnsJohns	JNJ	**4.00**	64.69	0.16	**0.25**
KftFoods	KFT	**5.40**	29.66	-0.03	**-0.10**
McDonalds	MCD	**2.20**	66.06	-0.01	**-0.02**
Merck	MRK	**4.90**	37.68	-0.26	**-0.69**
Microsoft	MSFT	**26.90**	29.73	0.36	**1.21**
Pfizer	PFE	**29.00**	17.22	-0.04	**-0.23**
ProctGamb	PG	**4.00**	63.89	0.36	**0.57**
3M	MMM	**1.90**	81.83	0.17	**0.21**
TravelersCos	TRV	**1.90**	53.32	0.47	**0.89**
UnitedTech	UTX	**1.90**	72.19	-0.21	**-0.29**
Verizon	VZ	**9.10**	30.13	0.20	**0.67**
WalMart	WMT	**6.40**	55.85	-0.14	**-0.25**

U.S. stocks: most active...

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
Citigroup	C	**450.8**	$4.08	$0.03	**0.74%**
GenElec	GE	**97.0**	18.19	0.12	**0.64**
SiriusXM	SIRI	**83.1**	0.89	–0.02	**–2.13**
SPDR S&P 500	SPY	**83.1**	117.13	0.72	**0.62**
BankAm	BAC	**62.8**	17.22	0.19	**1.12**
FordMotor	F	**45.2**	13.70	0.21	**1.55**
Intel	INTC	**45.2**	22.17	0.16	**0.70**
Alcoa	AA	**42.4**	14.51	0.71	**5.11**
FannieMae	FNM	**42.0**	1.13	0.08	**7.62**
SPDR FnclSelSct	XLF	**42.0**	15.91	0.18	**1.13**
iShrMSCIEmrgMkt	EEM	**35.7**	42.12	0.52	**1.25**
SprintNextel	S	**34.0**	3.62	0.17	**4.93**
PwrShrs QQQ	QQQQ	**33.2**	47.77	0.23	**0.48**
DrxFinancBear 3x	FAZ	**32.3**	13.70	–0.48	**–3.39**
BosSci	BSX	**31.9**	6.97	–0.12	**–1.69**

Biggest gainers...

CmpnhiaSidr	SID	**1,424.4**	$38.29	$18.78	**96.26%**
AbraxisBiosci	ABII	**389.6**	50.29	10.44	**26.20**
Medicines	MDCO	**3,893.3**	9.97	1.71	**20.73**
UnityBcp	UNTY	**43.0**	5.39	0.84	**18.46**
Somanetic	SMTS	**207.4**	20.56	3.08	**17.62**

...Biggest losers

FuqiIntl	FUQI	**12,812.2**	$12.23	-$6.77	**-35.63%**
FrontierFnl	FTBK	**520.3**	2.80	-1.44	**-33.96**
TelularCp	WRLS	**357.9**	3.38	-1.24	**-26.84**
NW Pipe	NWPX	**762.8**	19.95	-4.07	**-16.94**
MeridnBio	VIVO	**1,483.5**	20.11	-3.64	**-15.33**

ADRs of Asian companies*

52-WEEK High	52-WEEK Low	Stock	Symbol	Volume, in OOOs	Latest	CHANGE Points	CHANGE Percentage
$11.69	$8.04	**Taiwan Semi**	TSM	**4,478.3**	$10.42	0.13	**1.26%**
13.30	7.51	**AU Optrncs**	AUO	**3,134.1**	11.88	0.41	**3.58**
4.24	2.10	**Utd Microelectronics**	UMC	**2,818.9**	3.62	-0.01	**-0.28**
82.74	39.81	**BHP Billiton**	BHP	**2,290.6**	80.48	1.42	**1.80**
8.19	5.21	**Siliconware Prec Ind**	SPIL	**1,700.0**	6.18	0.12	**1.98**
6.84	4.48	**Mitsu UFJ Fnl**	MTU	**1,223.7**	5.32	0.00	**0**
61.34	24.60	**Infosys Tech**	INFY	**885.5**	61.25	1.13	**1.88**
59.22	40.20	**China Mobile**	CHL	**858.2**	48.73	-0.05	**-0.10**
15.95	9.58	**China Unicom**	CHU	**698.7**	12.26	0.20	**1.66**
91.97	60.18	**Toyota Motor**	TM	**619.6**	79.15	-0.28	**-0.35**
37.23	22.73	**Honda Motor**	HMC	**475.2**	35.71	-0.29	**-0.81**
9.50	4.83	**Nomura Hldgs**	NMR	**404.8**	7.59	-0.07	**-0.91**
21.22	16.87	**ChunghwaTel**	CHT	**385.6**	19.24	0.02	**0.10**
18.64	13.91	**SK Telecom**	SKM	**379.0**	17.46	0.10	**0.58**
81.00	46.26	**China Life Ins**	LFC	**284.3**	72.40	1.89	**2.68**
18.20	8.88	**Korea Elec Pwr**	KEP	**256.8**	17.07	0.38	**2.28**
135.92	74.50	**PetroChina**	PTR	**253.9**	118.68	1.28	**1.09**
34.27	12.94	**Aluminum Cp of China**	ACH	**244.4**	26.48	0.93	**3.64**
38.19	19.47	**Sony**	SNE	**206.0**	37.88	0.31	**0.83**
7.74	2.00	**Alumina**	AWC	**177.1**	6.48	0.25	**4.01**
21.78	12.96	**KT Corp**	KT	**156.1**	20.32	-0.11	**-0.54**
5.23	2.14	**Adv Semi Engrg**	ASX	**155.2**	4.32	0.02	**0.47**
17.19	10.77	**Matsushita Elec**	PC	**152.7**	14.90	0.18	**1.22**
9.82	6.01	**Telecom Corp of NZ**	NZT	**147.0**	7.73	-0.02	**-0.26**
150.50	60.01	**POSCO**	PKX	**132.3**	124.50	3.06	**2.52**
94.00	52.51	**China Petro & Chem**	SNP	**112.5**	82.34	1.81	**2.25**
41.87	20.71	**Telekom Indonesia**	TLK	**110.0**	37.96	1.13	**3.07**
25.65	6.37	**Yanzhou Coal Mining**	YZC	**80.7**	22.44	0.60	**2.75**
46.22	26.34	**Canon**	CAJ	**75.5**	45.73	-0.12	**-0.25**
24.09	18.18	**NTT**	NTT	**71.0**	21.53	-0.11	**-0.51**

*Most active American depositary receipts tracked by Dow Jones

Source: WSJ Market Data Group

Global government bonds

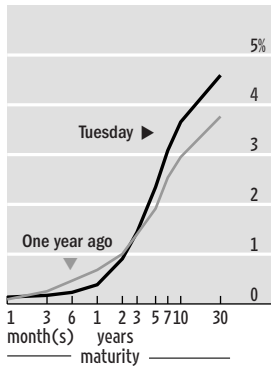
Latest, month-ago and year-ago yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds around the world. Data as of 12 p.m. ET

Coupon	Country/ Maturity, in years	Yield	SPREAD OVER TREASURYS, in basis points Latest	Previous	Month ago	Year ago	YIELD Previous	Month ago	Year ago
5.750%	**Australia** 2	**4.880%**	**396.0**	392.3	379.3	**189.7**	**4.863%**	4.627%	**2.933%**
4.500	10	**5.675**	**202.2**	196.0	188.2	**153.7**	**5.640**	5.579	**4.550**
5.000	**Austria** 2	**1.311**	**39.1**	33.0	62.2	**17.8**	**1.270**	1.456	**1.214**
3.900	10	**3.509**	**-14.4**	-16.0	-6.4	**128.7**	**3.520**	3.633	**4.300**
2.000	**Belgium** 2	**1.078**	**15.8**	19.1	46.8	**14.2**	**1.131**	1.302	**1.178**
3.750	10	**3.634**	**-1.9**	-2.1	2.6	**108.7**	**3.659**	3.723	**4.100**
1.500	**Canada** 2	**1.573**	**65.3**	63.3	35.4	**-1.3**	**1.573**	1.188	**1.023**
3.750	10	**3.475**	**-17.8**	-20.8	-23.8	**-7.8**	**3.472**	3.459	**2.935**
4.000	**Denmark** 2	**1.614**	**69.4**	74.0	95.8	**110.9**	**1.680**	1.792	**2.145**
4.000	10	**3.375**	**-27.8**	-26.5	-19.2	**54.2**	**3.415**	3.505	**3.555**
3.750	**France** 2	**0.898**	**-2.2**	2.5	27.7	**49.8**	**0.965**	1.111	**1.534**
3.500	10	**3.407**	**-24.6**	-24.8	-18.7	**71.3**	**3.432**	3.510	**3.726**
1.250	**Germany** 2	**0.870**	**-5.0**	-1.3	16.5	**34.3**	**0.927**	0.999	**1.379**
3.250	10	**3.109**	**-54.4**	-53.7	-49.9	**16.0**	**3.143**	3.198	**3.173**
0.640	**Hong Kong** 2	**0.735**	**-18.5**	-17.9	-13.2	**-17.2**	**0.761**	0.702	**0.864**
2.160	10	**2.866**	**-78.7**	-77.3	-68.2	**-89.8**	**2.907**	3.015	**2.115**
5.000	**Italy** 2	**1.348**	**42.8**	44.4	73.2	**109.0**	**1.384**	1.566	**2.126**
4.250	10	**3.917**	**26.4**	25.2	37.9	**150.2**	**3.932**	4.076	**4.515**
0.200	**Japan** 2	**0.150**	**-77.0**	-79.0	-66.9	**-63.1**	**0.150**	0.165	**0.405**
1.400	10	**1.360**	**-229.3**	-232.5	-236.4	**-171.0**	**1.355**	1.333	**1.303**
2.500	**Netherlands** 2	**0.891**	**-2.9**	-0.8	24.5	**63.9**	**0.932**	1.079	**1.675**
3.500	10	**3.369**	**-28.4**	-28.0	-19.7	**87.0**	**3.400**	3.500	**3.883**
5.000	**Portugal** 2	**1.868**	**94.8**	98.2	75.3	**132.2**	**1.922**	1.587	**2.358**
4.800	10	**4.251**	**59.8**	59.7	78.0	**168.2**	**4.277**	4.477	**4.695**
5.350	**Spain** 2	**1.112**	**19.2**	26.3	62.7	**97.2**	**1.203**	1.461	**2.008**
4.000	10	**3.843**	**19.0**	21.0	30.9	**116.9**	**3.890**	4.006	**4.182**
2.750	**Switzerland** 2	**0.477**	**-44.3**	-43.3	-34.2	**-60.3**	**0.507**	0.492	**0.433**
2.250	10	**1.925**	**-172.8**	-174.4	-171.4	**-87.7**	**1.936**	1.983	**2.136**
3.250	**U.K.** 2	**1.037**	**11.7**	9.1	33.0	**42.8**	**1.031**	1.164	**1.464**
3.750	10	**3.997**	**34.4**	34.6	34.3	**5.6**	**4.026**	4.040	**3.069**
0.875	**U.S.** 2	**0.920**	**...**	...	...	**...**	**0.940**	0.834	**1.036**
3.625	10	**3.653**	**...**	...	...	**...**	**3.680**	3.697	**3.013**

Source: Thomson Reuters

U.S. Treasury yield curve

The curve shows the yield to maturity of current bills, notes and bonds; all data as of 3 p.m. ET.



Ryan Index	Yield to maturity	Modified duration	TOTAL RETURN Month to-date	Quarter to-date	Year to-date	12-month
30-year Treasury	**4.594%**	16.09	–0.80 %	1.56 %	1.56 %	–8.89 %
10-year Treasury	**3.655**	8.24	–0.34	2.32	2.32	–2.18
7 Year Treasury	**3.083**	6.22	–0.15	2.83	2.83	1.69
Five-year Treasury	**2.348**	4.65	–0.19	2.19	2.19	2.05
Ryan Index	**2.672**	6.68	–0.30	1.87	1.87	–0.23
3 Year Treasury	**1.444**	2.93	–0.15	1.41	1.41	3.15
Two-year Treasury	**0.907**	1.94	–0.17	0.82	0.82	2.24
1 Year Treasury	**0.386**	0.98	–0.04	0.21	0.21	1.26
Six-month Treasury	**0.233**	0.50	...	0.04	0.04	0.56
Ryan Cash Index-a	**0.232**	0.45	–0.01	0.07	0.07	0.56
Three-month bill	**0.172**	0.25	...	0.01	0.01	0.30
One-month bill	**0.137**	0.08	...	0.01	0.01	0.11

a-Performance of a cash investment

Source: Ryan ALM

Key money rates

	Latest	52 wks ago
Prime rates		
U.S.	**3.25%**	3.25%
Canada	**2.25**	2.50
Japan	**1.475**	1.475
Britain	**0.50**	0.50
ECB	**1.00**	1.50
Switzerland	**0.52**	0.52
Australia	**4.00**	3.25
Hong Kong	**5.25**	n.a.
Libor		
One month	**0.23744%**	0.54500%
Three month	**0.26638**	1.28750
Six month	**0.40188**	1.86375
One year	**0.85906**	2.18000

	Latest	52 wks ago
Euro Libor		
One month	**0.37375%**	1.19750%
Three month	**0.58875**	1.60375
Six month	**0.90250**	1.76375
One year	**1.19875**	1.91063
Hibor		
One month	**0.07000**	0.32143%
Three month	**0.12071**	0.92429
Six month	**0.21000**	1.22714
One year	**0.51929**	1.64714
Asian dollars		
One month	**0.2420%**	0.56%
Three month	**0.2606**	1.3070
Six month	**0.3950**	1.8680
One year	**0.8616**	2.1760

	Offer	Bid
Eurodollars		
One month	**0.3500%**	0.2000%
Three month	**0.3700**	0.2300
Six month	**0.5500**	0.3500
One year	**0.9500**	0.6500

	Latest	52 wks ago
U.S. discount	**0.75%**	0.50%
Fed-funds target	**0.25**	0.25
Call money	**2.00**	2.00
Overnight repurchase rates		
U.S.	**0.23%**	0.23%
U.K. (BBA)	**0.520**	0.545
Euro zone	**0.29**	0.89

Sources: WSJ Market Data Group; Reuters

GLOBAL MARKETS LINEUP

Commodities

Prices of futures contracts with the most open interest

EXCHANGE LEGEND: CBOT: Chicago Board of Trade; **CME:** Chicago Mercantile Exchange; **NYBOT:** New York Board of Trade; **MDEX:** Bursa Malaysia Derivatives Berhad; **LIFFE:** London International Financial Futures Exchange; **LME:** London Mercantile Exchange; **NYMEX:** New York Mercantile Exchange; **ICE:** IntercontinentalExchange

Commodity	Exchange	Last price	ONE-DAY CHANGE Net	ONE-DAY CHANGE Percentage	Contract high	Contract low
Corn (cents/bu.)	CBOT	370.25	3.50	0.95%	714.00	325.00
Soybeans (cents/bu.)	CBOT	951.50	6.50	0.69	1,087.50	819.75
Wheat (cents/bu.)	CBOT	495.00	8.00	1.64	745.00	472.00
Live cattle (cents/lb.)	CME	93.850	0.225	0.24	94.000	83.075
Cocoa ($/ton)	ICE-US	2,903	55	1.93	3,514	2,066
Coffee (cents/lb.)	ICE-US	133.20	0.45	0.34	190.40	118.30
Sugar (cents/lb.)	ICE-US	17.92	-0.32	-1.75%	29.00	11.90
Cotton (cents/lb.)	ICE-US	81.35	-0.49	-0.60	94.00	51.38
Crude palm oil (ringgit/ton)	MDEX	2,605.00	19	0.73	3,600	1,486
Cocoa (pounds/ton)	LIFFE	2,202	15	0.69	2,356	1,475
Robusta coffee ($/ton)	LIFFE	1,238	7	0.57	1,605	1,212
Copper (cents/lb.)	COMEX	341.50	5.00	1.49	355.00	140.00
Gold ($/troy oz.)	COMEX	1125.30	3.10	0.28	1,229.00	785.10
Silver (cents/troy oz.)	COMEX	1745.50	10.10	0.58	1,949.50	916.00
Aluminum ($/ton)	LME	2,277.00	28.50	1.27	2,356.50	1,375.00
Tin ($/ton)	LME	17,700.00	100.00	0.57	18,250.00	9,945.00
Copper ($/ton)	LME	7,516.00	126.00	1.71	7,695.00	3,762.50
Lead ($/ton)	LME	2,275.00	55.00	2.48	2,615.00	1,247.00
Zinc ($/ton)	LME	2,343.00	38.00	1.65	2,659.00	1,221.00
Nickel ($/ton)	LME	22,150	100	0.45	22,950	9,475
Crude oil ($/bbl.)	NYMEX	82.18	0.48	0.59	132.95	52.95
Heating oil ($/gal.)	NYMEX	2.1415	0.0162	0.76	3.4240	1.3933
RBOB gasoline ($/gal.)	NYMEX	2.2954	0.0212	0.93	3.1200	1.4650
Natural gas ($/mmBtu)	NYMEX	4.380	-0.038	-0.86	10.430	4.352
Brent crude ($/bbl.)	ICE-EU	81.32	0.79	0.98	109.11	57.30
Gas oil ($/ton)	ICE-EU	675.50	3.25	0.48	691.50	512.75

Source: Thomson Reuters; WSJ Market Data Group

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Currencies

London close on March 17

AMERICAS	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Argentina peso-a	5.3055	0.1885	3.8615	0.2590
Brazil real	2.4254	0.4123	1.7653	0.5665
Canada dollar	1.3892	0.7198	1.0111	0.9890
1-mo. forward	1.3892	0.7198	1.0111	0.9890
3-mos. forward	1.3892	0.7198	1.0111	0.9890
6-mos. forward	1.3899	0.7195	1.0116	0.9886
Chile peso	722.77	0.001384	526.05	0.001901
Colombia peso	2604.32	0.0003840	1895.50	0.0005276
Ecuador US dollar-f	1.3740	0.7278	1	1
Mexico peso-a	17.1547	0.0583	12.4857	0.0801
Peru sol	3.8969	0.2566	2.8363	0.3526
Uruguay peso-e	26.861	0.0372	19.550	0.0512
U.S. dollar	1.3740	0.7278	1	1
Venezuela bolivar	5.90	0.169473	4.29	0.232848
ASIA-PACIFIC				
Australia dollar	1.4895	0.6714	1.0841	0.9225
China yuan	9.3785	0.1066	6.8260	0.1465
Hong Kong dollar	10.6641	0.0938	7.7617	0.1288
India rupee	62.2331	0.0161	45.2950	0.0221
Indonesia rupiah	12517	0.0000799	9110	0.0001098
Japan yen	124.23	0.008050	90.42	0.011060
1-mo. forward	124.20	0.008051	90.40	0.011062
3-mos. forward	124.16	0.008054	90.37	0.011066
6-mos. forward	124.06	0.008061	90.30	0.011075
Malaysia ringgit-c	4.5320	0.2207	3.2985	0.3032
New Zealand dollar	1.9191	0.5211	1.3967	0.7160
Pakistan rupee	115.687	0.0086	84.200	0.0119
Philippines peso	62.686	0.0160	45.625	0.0219
Singapore dollar	1.9140	0.5225	1.3931	0.7178
South Korea won	1550.50	0.0006450	1128.50	0.0008861
Taiwan dollar	43.575	0.02295	31.715	0.03153
Thailand baht	44.413	0.02252	32.325	0.03094

EUROPE	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Euro zone euro	1	1	0.7278	1.3740
1-mo. forward	1.0000	1.0000	0.7278	1.3740
3-mos. forward	1.0000	1.0000	0.7278	1.3740
6-mos. forward	1.0002	0.9998	0.7280	1.3737
Czech Rep. koruna-b	25.389	0.0394	18.479	0.0541
Denmark krone	7.4404	0.1344	5.4153	0.1847
Hungary forint	261.44	0.003825	190.28	0.005255
Norway krone	7.9958	0.1251	5.8196	0.1718
Poland zloty	3.8641	0.2588	2.8124	0.3556
Russia ruble-d	40.082	0.02495	29.173	0.03428
Sweden krona	9.7177	0.1029	7.0728	0.1414
Switzerland franc	1.4495	0.6899	1.0550	0.9479
1-mo. forward	1.4491	0.6901	1.0547	0.9481
3-mos. forward	1.4483	0.6905	1.0541	0.9486
6-mos. forward	1.4471	0.6910	1.0533	0.9494
Turkey lira	2.0803	0.4807	1.5141	0.6605
U.K. pound	0.8982	1.1133	0.6538	1.5296
1-mo. forward	0.8984	1.1131	0.6539	1.5293
3-mos. forward	0.8987	1.1127	0.6541	1.5288
6-mos. forward	0.8992	1.1122	0.6544	1.5280
MIDDLE EAST/AFRICA				
Bahrain dinar	0.5180	1.9305	0.3770	2.6523
Egypt pound-a	7.5279	0.1328	5.4790	0.1825
Israel shekel	5.1097	0.1957	3.7190	0.2689
Jordan dinar	0.9731	1.0276	0.7083	1.4119
Kuwait dinar	0.3955	2.5283	0.2879	3.4738
Lebanon pound	2064.36	0.0004844	1502.50	0.0006656
Saudi Arabia riyal	5.1525	0.1941	3.7502	0.2667
South Africa rand	10.0085	0.0999	7.2845	0.1373
United Arab dirham	5.0465	0.1982	3.6730	0.2723
SDR -f	0.8931	1.1196	0.6501	1.5383

a-floating rate b-commercial rate c-government rate c-commercial rate d-Russian Central Bank rate f-Special Drawing Rights from the International Monetary Fund ; based on exchange rates for U.S., British and Japanese currencies.
Note: Based on trading among banks in amounts of $1 million and more, as quoted by Thomson Reuters.

Major stock market indexes

Stock indexes from around the world, grouped by region. Shown in local-currency terms.

Price-to-earnings ratio*	Region/Country	Index	PREVIOUS SESSION Close	PREVIOUS SESSION Net change	PREVIOUS SESSION Percentage change	PERFORMANCE Yr.-to-date	PERFORMANCE 52-wk.
28	**ASIA-PACIFIC**	**DJ Asia-Pacific**	127.72	1.89	1.50%	3.8%	57.5%
...	Australia	**SPX/ASX 200**	4853.17	55.92	1.17	-0.4	40.8
...	China	**CBN 600**	27237.43	613.87	2.31	-6.2	42.2
17	Hong Kong	**Hang Seng**	21384.49	361.56	1.72	-2.2	63.0
20	India	**Sensex**	17490.08	106.90	0.61	0.1	94.8
...	Indonesia	**Jakarta Composite**	2756.262	86.654	3.25	8.8	108.4
...	Japan	**Nikkei Stock Average**	10846.98	125.27	1.17	2.8	36.1
...		**Topix**	947.43	9.33	0.99	4.4	23.9
...	Malaysia	**Kuala Lumpur Composite**	1301.95	3.09	0.24	2.3	53.5
...	New Zealand	**NZSX-50**	3200.959	-6.837	-0.21%	-0.9	22.8
8	Pakistan	**KSE 100**	9981.48	-36.23	-0.36	6.3	59.3
14	Philippines	**Manila Composite**	3088.05	2.92	0.09	1.2	74.4
...	Singapore	**Straits Times**	2919.30	22.87	0.79	0.7	85.2
11	South Korea	**Kospi**	1682.86	34.85	2.11	...	43.8
20	Taiwan	**Weighted**	7847.84	152.21	1.98	-4.2	55.5
10	Thailand	**SET**	765.54	13.34	1.77	4.2	79.6
23	**EUROPE**	**Stoxx Europe 600**	261.34	2.31	0.89	3.2	53.2
14		**Stoxx Europe 50**	2615.26	24.92	0.96	1.4	49.0
27	**Euro Zone**	**Euro Stoxx**	275.97	2.15	0.79%	0.4%	48.2%
14		**Euro Stoxx 50**	2929.91	23.98	0.83	-1.2	45.3
20	Denmark	**OMX Copenhagen**	354.02	1.08	0.31	12.1	70.0
21	Finland	**OMX Helsinki**	7312.31	74.53	1.03	13.3	57.7
17	France	**CAC-40**	3957.89	18.94	0.48	0.5	43.4
16	Germany	**DAX**	6024.28	53.29	0.89	1.1	50.7
14	Italy	**FTSE MIB**	22902.58	282.73	1.25	-1.5	58.2
...	Netherlands	**AEX**	343.06	3.80	1.12	2.3	63.9
...	Russia	**RTSI**	1563.46	26.67	1.74	9.6	140.3
10	Spain	**IBEX 35**	11166.8	107.5	0.97	-6.5	45.8
16	Switzerland	**SMI**	6892.01	17.58	0.26	5.3	44.1
...	Turkey	**ISE National 100**	54303.66	1070.40	2.01	2.8	131.1
14	U.K.	**FTSE 100**	5644.63	24.20	0.43	4.3	48.3
18	**AMERICAS**	**DJ Americas**	311.43	1.59	0.51	5.0	57.4
...	Brazil	**Bovespa**	69891.80	-50.40	-0.07%	1.9	74.7
...	Argentina	**Merval**	2392.26	13.24	0.56	3.1	130.8
19	Mexico	**IPC**	32857.96	134.06	0.41	2.3	67.0

*P/E ratios use trailing 12-months, as-reported earnings
European and Americas index data are as of 12:00 p.m. ET.

Sources: Thomson Reuters; WSJ Market Data Group

Thomson Reuters is the primary data provider for several statistical tables in The Wall Street Journal, including foreign stock quotations, futures and futures options prices, and foreign exchange tables. Reuters real-time data feeds are used to calculate various Dow Jones Indexes.

Dow Jones Indexes

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	PERFORMANCE Year-to-date	PERFORMANCE 52-wk.	PERFORMANCE Three-yr., annualized
2.19%	19	**Global TSM**	2396.56	21.05	0.89%	3.4%	59.0%	-5.1%
1.92	19	**Global DOW**	2015.47	16.84	0.84	1.6	53.9	-1.9
2.43	15	**Global Titans 50**	173.33	0.67	0.39	-0.2	41.2	-7.6
2.18	25	**Asia/Pacific TSM**	1262.25	18.54	1.49	3.8	62.3	-3.6
2.42	15	**Asia/Pacific ex-Japan TSM**	3117.89	58.39	1.91	1.4	89.9	2.7
2.78	14	**Europe TSM**	2655.15	25.91	0.99	-0.8	62.3	-9.1
1.86	14	**Emerging Markets TSM**	4177.03	53.57	1.30	3.0	96.3	4.3
2.45	33	**Asian Titans 50**	139.25	2.21	1.61	3.7	55.6	-5.6
6.37	6	**BRIC 50**	597.69	5.53	0.93	0.0	90.3	9.3
0.86	27	**CBN China 600** -c	27237.43	613.87	2.31	-6.2	42.2	9.5
2.35	18	**China Offshore 50**	3978.62	73.48	1.88	-2.4	55.8	9.2
0.89	30	**Shanghai** -c	368.44	8.16	2.26	-5.0	43.6	9.8
0.56%	46	**Shenzhen -c**	402.03	9.85	2.51%	-3.5%	57.4%	15.1%
1.84	22	**U.S. TSM**	12007.91	59.08	0.49	5.5	50.2	-5.0
4.83	14	**Global Select Div -d**	200.84	1.55	0.78	-0.6	89.4	-8.8
5.34	14	**Asia/Pacific Select Div -d**	274.89	4.64	1.72	2.4	105.4	-9.1
3.70	14	**Hong Kong Select Div -d**	196.48	3.86	2.00	4.8	64.7	2.9
4.23	15	**U.S. Select Dividend -d**	330.93	1.29	0.39	4.8	48.0	-12.3
1.80	15	**Islamic Market**	2027.23	16.96	0.84	2.7	51.8	-0.5
2.00	15	**Islamic Market 100**	2140.67	14.66	0.69	0.9	39.0	-1.2
2.60	17	**Islamic China/HK Titans 30**	1526.90	28.20	1.88	2.7	59.4	4.8
1.55	12	**Sustainability Korea**	1232.93	31.09	2.59	2.3	83.7	1.9
3.40	17	**Brookfield Infrastructure**	2071.60	8.78	0.43	2.2	49.9	-3.0
		DJ-UBS Commodity -p	132.90	1.54	1.17	-4.5	22.8	-7.3

*Fundamentals are based on data in U.S. dollar. Footnotes: c-in local currency. d-dividends reinvested. p-previous day. Note: All data as of 11:30 a.m. ET.

Source: Dow Jones Indexes

Cross rates

U.S.-dollar and euro foreign-exchange rates in global trading

	US$	A$	£	C$	YUAN	EURO	HK$	RUPEE	RUPIAH	YEN	NZ$	WON	RINGGIT	PH. PESO	S$	S FRANC	TW$	BAHT
U.S.		1.084	0.654	1.011	6.826	0.728	7.762	45.295	9109.96	90.415	1.397	1128.50	3.298	45.625	1.393	1.055	31.715	32.325
Australia	0.922		0.603	0.933	6.297	0.671	7.160	41.782	8403.48	83.403	1.288	1040.99	3.043	42.087	1.285	0.973	29.256	29.818
Britain	1.530	1.658		1.547	10.441	1.113	11.872	69.283	13934.59	138.299	2.136	1726.16	5.045	69.788	2.131	1.614	48.511	49.444
Canada	0.989	1.072	0.647		6.751	0.720	7.676	44.798	9009.95	89.422	1.381	1116.11	3.262	45.124	1.378	1.043	31.367	31.970
China	0.1465	0.159	0.096	0.148		0.107	1.137	6.636	1334.61	13.246	0.205	165.33	0.483	6.684	0.204	0.155	4.646	4.736
Euro	1.374	1.489	0.898	1.389	9.379		10.664	62.233	12516.63	124.226	1.919	1550.51	4.532	62.686	1.914	1.450	43.575	44.413
Hong Kong	0.129	0.140	0.084	0.130	0.879	0.094		5.836	1173.71	11.649	0.180	145.39	0.425	5.878	0.179	0.136	4.086	4.165
India	0.0221	0.0239	0.0144	0.0223	0.1507	0.0161	0.1714		201.12	1.9961	0.0308	24.91	0.0728	1.0073	0.0308	0.0233	0.7002	0.7137
Indonesia	0.0001	0.0001	0.0001	0.0001	0.0007	0.0001	0.0009	0.0050		0.0099	0.0002	0.12	0.0004	0.0050	0.0002	0.0001	0.0035	0.0035
Japan	0.011	0.012	0.007	0.011	0.075	0.008	0.086	0.501	100.76		0.015	12.48	0.036	0.505	0.015	0.012	0.351	0.358
New Zealand	0.716	0.776	0.468	0.724	4.887	0.521	5.557	32.429	6522.27	64.733		807.95	2.362	32.665	0.997	0.755	22.706	23.143
South Korea	0.0009	0.0010	0.0006	0.0009	0.0060	0.0006	0.0069	0.0401	8.07	0.0801	0.0012		0.0029	0.0404	0.0012	0.0009	0.0281	0.0286
Malaysia	0.303	0.329	0.198	0.307	2.069	0.221	2.353	13.732	2761.85	27.411	0.423	342.13		13.832	0.422	0.320	9.615	9.800
Philippines	0.022	0.024	0.014	0.022	0.150	0.016	0.170	0.993	199.67	1.982	0.031	24.73	0.072		0.031	0.023	0.695	0.708
Singapore	0.718	0.778	0.469	0.726	4.900	0.522	5.572	32.515	6539.58	64.904	1.003	810.09	2.368	32.752		0.757	22.767	23.204
Switzerland	0.948	1.028	0.620	0.958	6.470	0.690	7.357	42.934	8635.03	85.701	1.324	1069.67	3.127	43.246	1.320		30.062	30.640
Taiwan	0.032	0.034	0.021	0.032	0.215	0.023	0.245	1.428	287.24	2.851	0.044	35.58	0.104	1.439	0.044	0.033		1.019
Thailand	0.031	0.034	0.020	0.031	0.211	0.023	0.240	1.401	281.82	2.797	0.043	34.91	0.102	1.411	0.043	0.033	0.981	

Source: Thomson Reuters via WSJ Market Data Group

MSCI indexes

Developed and emerging-market regional and country indexes from MSCI Barra as of March. 17, 2010

Dividend yield	Price-to-earnings ratio	Morgan Stanley Index	Last	LOCAL-CURRENCY PERFORMANCE Daily	YTD	52-wk.
2.40%	23	**ALL COUNTRY (AC) WORLD***	305.14	-0.97%	1.9%	63.0%
2.50	24	**World (Developed Markets)**	1,193.73	-0.98	2.2	59.0
1.80	83	**World Small Cap**	202.97	-0.93	6.7	83.1
2.50	21	**Kokusai (World ex-Japan)**	1,179.63	-1.10	1.7	62.0
3.00	23	**EAFE**	1,577.63	-1.14	-0.2	58.1
2.20	20	**Emerging Markets (EM)**	991.48	-0.85	0.2	98.6
2.50	23	**AC ASIA PACIFIC EX-JAPAN**	413.39	-0.42	-0.8	93.0
2.20	22	**AC Far East ex-Japan**	441.65	-0.23	-1.8	83.6
1.70	145	**Japan**	586.75	-0.11	3.2	25.7
2.00	19	**China**	62.59	-0.20	-3.4	72.7
0.90	37	**China A (China Domestic)**	3,064.69	0.63	-9.4	50.3
2.60	23	**Hong Kong**	10,250.23	-0.22	0.7	63.4
0.90	20	**India**	710.66	1.34	0.5	109.1
1.30	16	**Korea**	465.04	-0.05	-3.3	59.5
2.30	20	**Malaysia**	474.67	0.04	1.0	43.3
3.10	17	**Singapore**	1,601.15	0.99	-1.5	78.7
2.70	234	**Taiwan**	275.99	0.73	-6.7	59.9
3.30	18	**Thailand**	312.02	2.53	3.4	77.3
3.60	25	**Australia**	992.53	0.23	-0.9	43.8
5.00	16	**New Zealand**	83.68	-1.13	-4.0	14.5
1.90	28	**US BROAD MARKET**	1,296.82	-0.81	4.8	61.5
3.40	16	**EUROPE**	89.92	0.92	1.9	48.8

*Twenty-three developed and 26 emerging markets

Source: MSCI Barra

MARKETS LINEUP

Moving the markets

At right, Japan's benchmark stock index and the biggest movers among the larger Asian stocks indexes and stocks Wednesday. Below each index are its most actively traded stocks. The charts show the percentage change in each index's or stock's value, rather than the point change, for purposes of comparison. The index level or stock price is indicated on each axis. All indexes and stocks are shown in local currency terms.

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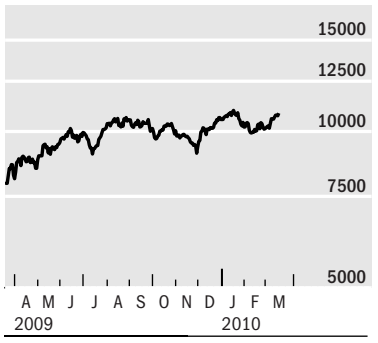
Asian index movers...

Nikkei Stock Average

Japan 10846.98

▲ **1.17% or 125.27**

Steps by the Bank of Japan to ease monetary policy, plus reassurance from the Federal Reserve that U.S. interest rates will stay low, sent Japanese stocks higher.



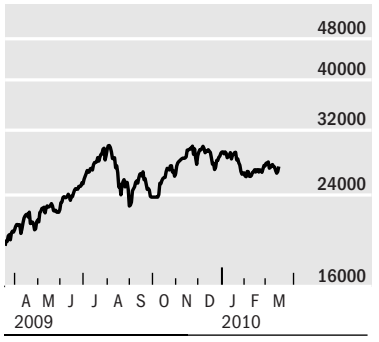
Stock	Volume in millions	Close	Change Net	Change %
Mizuho Financial	**102.38**	192	2	1.05
Toshiba	**79.55**	444	14	3.26
Mtshbsh Fin Grp	**67.34**	476	2	0.42
Hitachi	**66.27**	331	8	2.48
Sanyo Elec	**32.98**	150	3	2.04

CBN 600

China 27237.43

▲ **2.31% or 613.87**

Growing confidence that U.S. interest rates will stay low for an extended period sent the index to its highest close since March 9. Investors continued to favor small-caps.



Stock	Volume in millions	Close	Change Net	Change %
FujianExpresswyDev	**129.55**	7.63	0.18	2.42
JiangsuSunshine	**117.17**	6.91	0.18	2.67
China State Con	**102.07**	4.27	0.05	1.18
ShanghaiPudDevBank	**90.74**	21.67	0.48	2.27
Icbc	**90.60**	4.88	0.06	1.24

Kospi

South Korea 1682.86

▲ **2.11% or 34.85**

Heavy buying by foreign investors sent the benchmark to its highest close since Jan. 22. Technology stocks and other large-capitalized companies performed especially well.

Stock	Volume in millions	Close	Change Net	Change %
Hbe Energy	**136.77**	105	–5	–4.55
Samyang Optics	**72.33**	1,700	–300	–15.00
Korea Life	**65.47**	8,850	unch	...
Taechang	**14.22**	315	–25	–7.35
Hyundae Metal	**11.12**	615	–15	–2.38

Hang Seng

Hong Kong 21384.49

▲ **1.72% or 361.56**

Property companies and banks got a boost from expectations of low interest rates. The index snapped a three-session losing streak and reached a two-month high.

Stock	Volume in millions	Close	Change Net	Change %
Bank Of China	**318.75**	3.98	0.08	2.05
CCB	**288.40**	6.19	0.11	1.81
Icbc	**241.30**	5.89	0.08	1.38
ChinaPetroChem	**127.88**	6.33	0.15	2.43
PetroChina	**118.22**	9.16	0.21	2.35

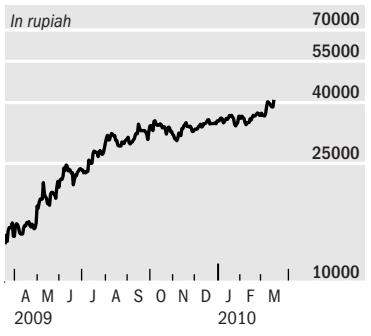
Asian stocks in the news

Astra Intl

Indonesia 40,850 rupiah

▲ **5.7% or 2,200 rupiah**

Like Bank Central Asia, Astra gained from foreign buying after the Fed said it will keep rates low.



	Price-to-earnings ratio			**16**
	Earnings per share, past four quarters			**2480.27**
	Dividend yield			**2.8**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Automobiles & Parts		**1.2%**	2.6%	59.0%
Astra Intl		**5.7%**	2.3%	204.9%

Sands China Ltd.

Hong Kong HK$11.50

▲ **5.7% or HK$0.62**

Macau's chief executive delivered a speech seen as supportive for gambling stocks.

	Price-to-earnings ratio			**45**
	Earnings per share, past four quarters			**0.26**
	Dividend yield			**none**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Travel & Leisure		**0.7%**	1.6%	37.7%
Sands China Ltd.		**5.7%**	5.7%	...

Woori Fin Hldgs

Korea 15,350 won

▲ **5.9% or 850 won**

A strong debut for Korea Life brought hope that Woori will gain from its stake in Samsung Life.

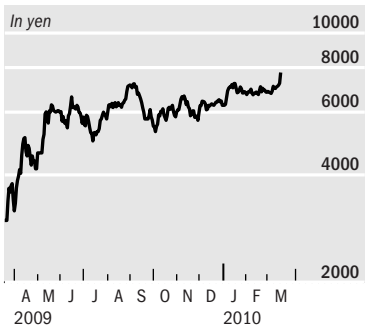
	Price-to-earnings ratio			**60**
	Earnings per share, past four quarters			**254.35**
	Dividend yield			**0.7**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Banks		**1.6%**	1.9%	62.4%
Woori Fin Hldgs		**5.9%**	6.2%	113.2%

Orix

Japan ¥7,750

▲ **7.2% or ¥520**

Leasing firms rose on hope the Bank of Japan's move to add liquidity will lower their funding costs.



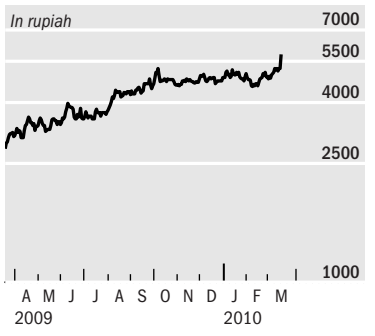
	Price-to-earnings ratio			**24**
	Earnings per share, past four quarters			**326.60**
	Dividend yield			**0.9**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Financial Services		**2.2%**	2.6%	81.6%
Orix		**7.2%**	10.9%	160.1%

Bank Central Asia

Indonesia 5,800 rupiah

▲ **11.5% or 600 rupiah**

The Fed decision to hold rates steady led investors to seek returns in Southeast Asian stocks.



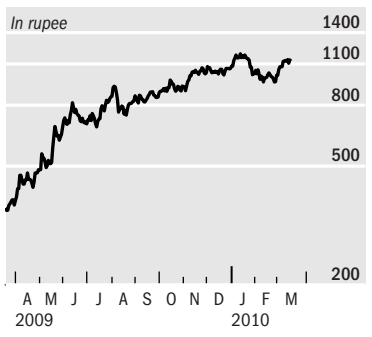
	Price-to-earnings ratio			**21**
	Earnings per share, past four quarters			**281.80**
	Dividend yield			**1.8**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Banks		**1.6%**	1.9%	62.4%
Bank Central Asia		**11.5%**	12.6%	107.1%

Mahindra & Mahindra

India 1,124.45 rupee

▼ **0.9% or 10.25 rupee**

Renault dropped plans to build a seven-seat vehicle with the Indian company.



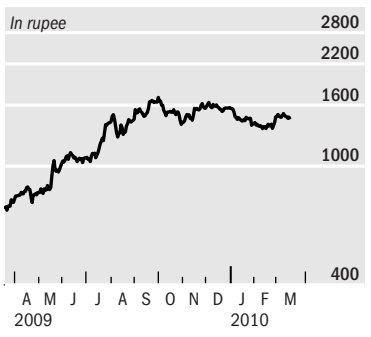
	Price-to-earnings ratio			**16**
	Earnings per share, past four quarters			**69.17**
	Dividend yield			**0.9**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs		**1.3%**	2.1%	72.9%
Mahindra & Mahindra		**-0.9%**	-0.5%	210.6%

Maruti Suzuki

India 1,434.75 rupee

▼ **1.7% or 25.25 rupee**

Nissan will launch a small car in India in July, creating competition for Maruti Suzuki.



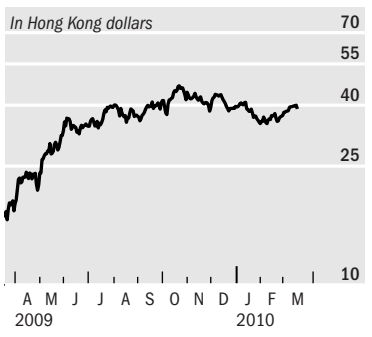
	Price-to-earnings ratio			**20**
	Earnings per share, past four quarters			**72.14**
	Dividend yield			**0.2**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Automobiles & Parts		**1.2%**	2.6%	59.0%
Maruti Suzuki		**-1.7%**	-3.0%	99.8%

Kerry Prop

Hong Kong HK$38.85

▼ **2.9% or HK$1.15**

Excluding gains from revaluing properties, underlying profit fell 3.6% in 2009.



	Price-to-earnings ratio			**23**
	Earnings per share, past four quarters			**1.72**
	Dividend yield			**1.8**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Real Estate		**1.4%**	1.5%	70.9%
Kerry Prop		**-2.9%**	-1.8%	131.3%

Denway Motors

Hong Kong HK$4.10

▼ **5.3% or HK$0.23**

Profits fell short because the firm gave money to the Asian Games Organizing Committee.

	Price-to-earnings ratio			**13**
	Earnings per share, past four quarters			**0.31**
	Dividend yield			**2.5**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Automobiles & Parts		**1.2%**	2.6%	59.0%
Denway Motors		**-5.3%**	-9.5%	51.9%

Alibaba.com

Hong Kong HK$17.20

▼ **5.9% or HK$1.08**

The e-commerce firm released results in line with forecasts. The stock rose before the announcement.

	Price-to-earnings ratio			**80**
	Earnings per share, past four quarters			**0.22**
	Dividend yield			**none**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Technology		**2.0%**	2.1%	76.2%
Alibaba.com		**-5.9%**	-1.1%	117.7%

HEARD ON THE STREET

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Japan needs government without training wheels

It's time for the training wheels to come off.

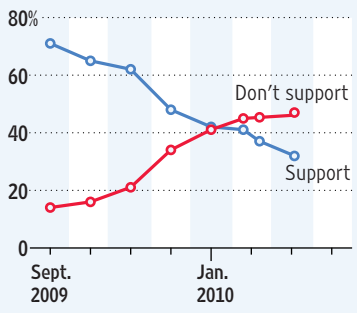
Marking six months in office this week, Prime Minister Yukio Hatoyama has seen his cabinet's support ratings plunge from one of the highest levels ever for a new Japanese government, as indecision, contradictory policies and scandals chip away at the administration's image. Support has fallen from 71% in September to just 32% now, an Asahi newspaper poll published Tuesday showed.

With only a handful of lawmakers with governing experience, Mr. Hatoyama's Democratic Party of Japan could be forgiven for some missteps. But if its lawmakers don't get it together soon, they may not be able to secure a majority in this summer's election for the Upper House of Parliament. That means they'd have to continue relying on minor parties, which have hindered decisions on crucial issues such as financial-system reform and security coordination with the U.S. And much needs to be done—from laying out a long-term strategy for economic growth and fixing Japan's broken social-security system to prioritizing costly campaign pledges.

Frustration

Asahi newspaper poll

Do you support the Hatoyama administration?



Source: Asahi newspaper, March 16, 2010

Reuters

Prime Minister Yukio Hatoyama

Unfortunately, Mr. Hatoyama, the scion of a political dynasty, has proven unable so far to make tough decisions.

Part of the problem is that the government lacks a central decision-making body. The administration said it will abolish the Council on Economic and Fiscal Policy, which brought together the prime minister, key cabinet members and the Bank of Japan governor.

Now dormant, the council at times proved effective in carrying out policy. But Mr. Hatoyama doesn't want something identified with previous structural reforms championed by former Prime Minister Junichiro Koizumi, a popular politician from the rival Liberal Democratic Party.

Yet, just like the LDP, which ruled Japan for the half-century until Mr. Hatoyama's party won power last summer, the DPJ finds itself in a situation where the servant is often the master. Ichiro Ozawa, the former DPJ head who now is Mr. Hatoyama's No. 2, seems to be the one making key decisions.

Many of those decisions are transparently geared toward winning the summer election, and this smell of pork-barrel politics masterminded by a shadow powerbroker isn't going over well with the public, which believed Mr. Hatoyama when he promised a clean break with the politics of the past.

For all the government's shortcomings, polls show that support for the opposition LDP remains limited to its base. More than two-thirds of respondents in the Asahi survey said they are happy there was a change in government. Part of that represents a continued vote of no confidence in the LDP.

Despite the DPJ's bumbling, then, the coming election is theirs to lose. But Mr. Hatoyama had best act soon if he hopes to take advantage of the opportunity.

—James Simms

Time for the Fed to tune out siren song of inflation

Inflation is a tempting seductress, especially in an economy overburdened by debt and unemployment.

Why not, the thinking goes, keep the stimulus taps open longer than necessary to ensure a vigorous recovery by allowing inflation to overshoot targets for a year or two? Think of it as another dose of adrenaline helping unemployment fall faster and helping to erode budget deficits.

The problem: Once unleashed, inflation can't be easily contained, and sometimes the measures needed to do so can choke off growth.

So far, the Federal Reserve believes substantial slack in the economy makes inflation a distant prospect. Even if prices do rise, it has strong faith it can control them.

But there is a growing drumbeat of support for higher inflation. Olivier Blanchard, chief economist for the International Monetary Fund, recently suggested central banks consider raising inflation targets so they have more room to cut interest rates when crises hit. Some others argue employers and politicians are unwilling to address structural problems in the economy, leaving inflation as a more practical alternative.

"Inflation can achieve what no congress can, fast reductions in fiscal deficits," Christian Broda, head of international research at Barclays Capital, wrote on Monday.

Mr. Broda estimated that letting inflation run at 5% for two years, compared with the Fed's 1.5% to 2% target for core inflation, would reduce the unemployment rate by three percentage points.

Of course, that is beguiling with consumers and the U.S. as a whole struggling.

But the risk that the central bank gets softer on inflation lies in its dual mandate to achieve price stability and maximum employment. A desire to attack unemployment could lead to calls for letting inflation run up quietly, even if the target rate remains unchanged. If the economy is recovering, zero interest rates could become distortive.

Remember also that Fed Chairman Ben Bernanke's life study has been the Great Depression and how to avoid a repeat. Interestingly, that is at odds with the European Central Bank, whose view is heavily influenced by the hyperinflation of Germany's Weimar Republic.

Congress also could be an issue. It may push for inflation as an alternative to spending cuts or tax increases.

While attractive in the short term, inflation would quickly be reflected in the cost of debt, hammering the value of fixed-income securities and pushing up the cost of borrowing. It also could hit the dollar and push commodity prices even higher. The experience of the 1970s shows how painful it can be to rein in inflation once unleashed.

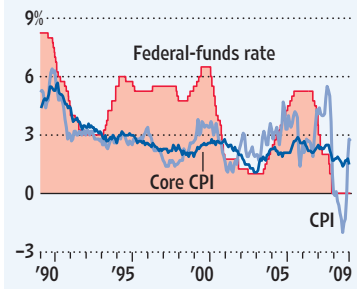
So investors should be alert for any signs that the Fed is willing to let inflation run above target. Heavy borrowers need to work through their problems to create a sustainable rebound.

Inflation would be a false fix.

—David Reilly

Price check

Change from a year earlier in consumer-price index and core CPI vs. federal-funds target rate



Sources: Federal Reserve Bank of St. Louis; WSJ Market Data Group

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Published by Dow Jones Publishing Company (Asia). Printed in Hong Kong by Superflag Advertising and Communication Limited. 8 Chun Ying Street, NT. Printed in Indonesia by PT Gramedia Printing Group, Jalan Palmerah Selatan 22-28, Jakarta 10270. Printed in Japan by Yomiuri Shimbun, 1-7-1, Otemachi, Chiyoda-ku, Tokyo 100-8055. Printed in Korea by JoongAng Ilbo. 7, Soonwha-Dong, Chung-Ku, Seoul 100-130. 1997 June 04 Registration no: SeoulKA00020 (Daily Newspaper). Publisher/Editor/Printer: Song Pil-Ho. Printed in Malaysia by KHL Printing Co. Sdn. Bhd. (ROC No: 235060-A) Lot 10 & 12, Jalan Modal 23/2, Seksyen 23 Kawasan Miel Phase 8, 40000 Shah Alam, Selangor, Malaysia. Printed in Philippines by FEP Printing Corporation, 3817 Mascardo St., Corner Metropolitan Ave., Pasong Tamo, Makati City. Printed in Singapore by KHL Printing Co. Pte Ltd., 57 Loyang Drive, Singapore 508968. Printed and distributed in Taiwan by The China Post. 8 Fu Shun Street, Taipei 104. Printed in Thailand by Nation Multimedia Group Public Co., Ltd., 1854 Bangna-Trad Road, (KM. 4.5), Prakanong, Bangkok 10260. Published and printed on behalf of the Wall Street Journal India Publishing Pvt Ltd., 517B World Trade Centre, Barakhamba Lane, New Delhi 110001 by Mr Suman Dubey at A-8 Sector 7, Gautam Budh Nagar, Noida -201301 and PLOT NoEL208, TTC Industrial Area, Mahape, Navi Mumbai - 400710 (Maharashtra), India. Editor: Suman Dubey, phone: +91-11-6462 0215. ACP no. F2 (T/3) Press / 2009 FACSIMILE EDITION.